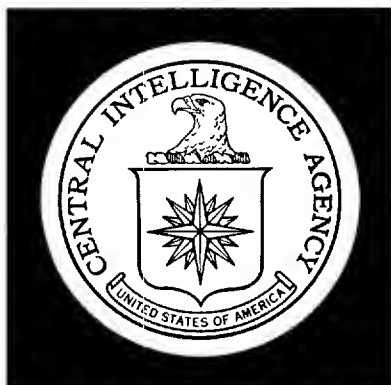


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## The Support Services Historical Series

RELUCTANT RETIREES: OUTPLACEMENT, "SECOND-CAREER"  
COUNSELING, AND RETIREE PLACEMENT, 1957 - 1967~~SECRET~~

OP 2

January 1971

Copy 2 of 3

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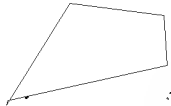
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## THE DDS HISTORICAL SERIES

OP 2

RELUCTANT RETIREES: OUTPLACEMENT, "SECOND-CAREER"  
COUNSELING, AND RETIREE PLACEMENT, 1957 - 1967*by*

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January 1971



(b)(6)

Harry W. Fisher  
Director of Personnel

HISTORICAL STAFF  
CENTRAL INTELLIGENCE AGENCY

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## FOREWORD

From a historical standpoint, formulating, planning, and implementing the CIA "second-career" counseling program began with the establishment of the CIA outplacement program in February 1958; and, because they were so interrelated, this historical effort must also take account of developments in retirement counseling and retiree placement. The growth of these three activities reflects favorably upon the ability of Agency management to recognize the need for, as well as to establish in a timely manner, specialized personnel programs to meet changing administrative conditions.

An earlier phase of employee assistance activities in the Office of Personnel was initiated in 1955 in the Employee Relations Branch of the Personnel Assignment Division (PAD), but the counseling and assistance was largely reserved for newly-appointed clerical personnel who, in the Agency's final EOD processing, were not able to meet the organization's full employment standards. When the

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outplacement program was established in February 1958,  
these activities along with a female clerical counselor  
were transferred to the Outplacement Branch.

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THE RELUCTANT RETIREES: OUTPLACEMENT, "SECOND-CAREER"  
COUNSELING, AND RETIREE PLACEMENT, 1957 - 1967

I. Outplacement-Initial Phase

The need for an Agency outplacement counseling program was discussed during 1957 by Mr. Gordon M. Stewart, the Director of Personnel, not only with Agency personnel officers, but also with key officials in the DDP, DDI, and other components of the DDS. 1/ These talks indicated that there were indeed an undetermined number of staff officers in the medium and higher grades within the Agency who were either being carried in excess of Agency needs for the skills they represented or else had reached the point in their own professional and personal development where it would be desirable for them to find employment outside the Agency.

The obsolescence of skills was caused, in part at least, by the rapid growth of the Agency and subsequent changes in its operational orientation. Professional dissatisfaction could also result from the nature of intelligence work itself. It was believed that there were employees in the Plans and Intelligence Directorates who felt that, whereas

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their work in the Agency had been rewarding and useful up to a point, it tended with time to become repetitious, lacked challenge, and did not hold inviting prospects for the future. The proposal of the Director of Personnel for an outplacement program reflected an early awareness of what was later to become an increasingly important facet of the Agency's manpower management role.

It was apparent that what was needed was an administrative procedure that would enable management to channel those officers who wished voluntarily to relocate with other Federal agencies, academic institutions, or private organizations. An "in-depth" analysis of any segment of the employee population would have revealed, one can be sure, a number of dissatisfied and disenchanted individuals whose performance would have ranged from excellent to marginal, depending upon the individual officer's ability to adjust to his administrative environment.

While considering the need for the outplacement program, the Director of Personnel also recognized the need for and proposed a selection-out

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program 2/ which institutionalized a means for Agency management "to identify and release from employment persons whose effectiveness was substandard."\* As time went on these two programs operated quite closely together, although the actual character of the out-placement program shifted somewhat from Mr. Stewart's original concept. Although many other Federal agencies had, at the end of World War II, established model outplacement programs, their experiences were not heavily drawn upon by Mr. Stewart in planning the CIA outplacement charter. He envisioned a more responsive endeavor to meet anticipated Agency needs--particularly in placing senior Agency officers within the Federal sector. Accordingly,

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\* Although Agency management approved formal selection-out procedures and the outplacement program in 1958, management did not deem it necessary to formalize a reduction-in-force (surplus) procedure at that time. As a result, for three years the Outplacement Branch informally conferred with the Career Service Heads on individual "surplus" cases and furnished counseling services as required. In February 1961, [redacted], Separation of Surplus Personnel (later reissued as [redacted]) established Agency procedures under which Agency surplus personnel could be identified and appropriate administrative action taken.

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the focal point of the CIA outplacement effort was to be at the DCI-Agency level rather than at the Office of Personnel level. The parameter of the outplacement philosophy was formulated as a result of a series of discussions held in late 1957 and early 1958 by Mr. Stewart with Mr. Rocco Siciliano, the Special Assistant to the President for Personnel Management, and Mr. Joseph Winslow, a subordinate of Mr. Siciliano. The White House staffers were of the opinion that the heads of the executive departments and agencies, under the guidance of the White House, would and should be made to realize that the acceptance of certain ex-CIA people into their ranks would be in the interest of the overall Government effort and would in no significant way upset or adversely affect given personnel programs. 3/

These two advisors also offered several ideas that they considered basic to a successful outplacement program in the CIA, an agency exempted from Civil Service rules and regulations. As an "exempted" agency, Mr. Siciliano suggested that the first step the CIA should take would be for Agency officials

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to open discussions with representatives of the United States Civil Service Commission (CSC) in order to propose the development of a CSC-CIA personnel interchange agreement along the lines of the CSC-AEC interchange agreement that had been approved in May 1957. Such an agreement provided immediate eligibility and Civil Service status to qualified "excepted agency" employees upon accepting appointments in the competitive civil service system of the Executive Branch.\*

Mr. Siciliano also expressed the view that once the Personnel Interchange Agreement was approved, the Director of Personnel should have "lists" of names of Agency candidates drawn up, along with the names of the Agencies or departments of interest to each, so that the Director of Central Intelligence, accompanied by Messrs. Stewart and Siciliano, could discuss the Agency's

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\* The question of Civil Service eligibility is discussed in a later portion of this report.

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personnel outplacement activities with the Secretaries of the several departments as well as appropriate agency heads. Once agreement was reached between these officials, the outplacement officers could advise the individuals concerned and take steps to complete their transfers to the receiving organization.

As follow-up, Messrs. Lyman Kirkpatrick, Inspector General of CIA, and Stewart had a luncheon engagement with these White House staffers in December 1957. 4/ They again discussed the Agency manpower problems in considerable depth reaffirming previous discussions.\* Thus, with a long-time interest in Agency personnel management, Mr. Kirkpatrick strongly encouraged the

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\* According to the comments of Mr. Kirkpatrick at the 56th meeting of the Career Council on 30 April 1959 5/ the Director of Personnel had invited Mr. Siciliano to [ ] during the Fall of 1957 as part of an Agency orientation tour. While there they had discussed the Agency's need for both an early retirement program and a high-powered executive outplacement

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Director of Personnel to plan an accelerated retirement program that would include the development of a mechanism through which the movement (into other organizations) of senior personnel who had passed the period of greatest usefulness in staff status could be accomplished. With the encouragement of these officials, Mr. Stewart conceived the idea of the outplacement program which was approved by the DCI on 17 February 1958 following the informal concurrence of the entire membership of the Agency Personnel policy body - the Career Council.\*

program in order to accelerate the movement of senior intelligence personnel into other fields of endeavor upon determining that, for various reasons, their potential in intelligence might be limited.

\* CIA Career Council Membership 1957-58  
Gordon M. Stewart, D/Personnel, Chairman  
Robert Amory, Jr., DDI, Member  
Lawrence K. White, DDS, Member  
Richard Helms, COP-DDP, Alternate for DDP  
Lyman Kirkpatrick, IG, Member  
Matthew Baird, DTR, Member  
Harold M. McClelland, D/Commo, Member  
, Executive Secretary, OP

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On 17 February 1958, the DCI signed the memorandum (Attachment A) which established formal Personnel Selection-Out procedures.\* That administrative document also included the statement "and (in meritorious cases) for assistance in obtaining other employment." This statement, then, became the basic charter for the outplacement program which was immediately established in the Office of Personnel.

During these first, formative years, Mr. Stewart had considerable personal interest in the development of the Agency outplacement program. Under his direc-

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\* For some time previous to 1958, the Agency had been handling selection-out cases on an informal basis using the DCI's termination authority in Section 102c of P.L. 110. However, under Section 14 of the Veterans' Readjustment Act of 1944, Agency veterans selected out could appeal to the CSC. The CSC's critical review, during one such appeal case, of the Agency's *informal* administrative termination procedures brought the fact home that the Agency needed a *formal* selection-out procedure that could be clearly supported if the CSC (or one of the US courts) should become an appeals body. At this time, both the CSC and courts were emphasizing the need for agencies to have established formal termination procedures so that the reviewing body could ascertain that the employee appellant had been given a fair administrative hearing.

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tion, the outplacement officers provided guidance and assistance to Agency staff employees who had either become surplus to Agency program needs or who for personal reasons decided that a long tenure with CIA might not be beneficial either to themselves or to the Agency. With respect to Mr. Stewart's basic philosophy, he maintained that unhappy employees were anti-productive and the long-term benefit to the Agency would be to provide outplacement assistance for such individuals. He decided that a highly flexible program was needed and, as Agency officials levied various counseling requirements (not only for staff but also for contract employees, staff agents, military staff agents, etc.) on the outplacement program, Mr. Stewart ultimately endorsed the counseling of all types of employees including "volunteers." For several years, the "volunteers" were, in fact, self-referrals and were treated in a confidential manner without concurrence of the employees' Career Service Boards.\*

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\* This type of service was eventually frowned upon by top management and the DDS, in 1964, decided that all employee "volunteer" clients would have to secure the concurrence of their Career Services for outplace-

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Initially, the Outplacement Branch was assigned to the Personnel Operations Division. The three-employee staff worked out of the office of the Chief,

[redacted] The staff members were: Mr. Frank Johns, the outplacement officer for governmental placements; [redacted] for industrial and academic opportunities; and [redacted] a psychiatric social worker who handled clerical referrals and cases having psychological implications.

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Even though the Director of Personnel strongly championed the program from the outset, the outplacement program got off to a rather poor start, largely because of the administrative opposition resulting from the linking of the selection-out program to the outplacement program in its charter memorandum. It

ment assistance. 6/ With respect to "volunteers," it was found that when the Career Services were advised about the employee's employment interests, they were usually in agreement that such counseling should have been provided and, if they had been asked, they would have concurred. Thus, for the record, perhaps the initial "full-service" policy should have been more widely broadcast, thus avoiding any inference of clandestine counseling operations.

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was therefore certainly understandable that Agency officials concluded that the outplacement program was merely an adjunct of selection-out. Agency rumors were along the lines of "outplacement for selection-out cases only."

A restrictive charter was never intended. Accordingly, Mr. Stewart, who was firmly convinced that the outplacement program should not be limited to counseling a single category of employees, informally directed that the outplacement officers undertake an internal publicity campaign to acquaint management with outplacement's broadened service role; during 1958 and 1959, briefing sessions were scheduled with the 22 career service heads. 7/ Emphasis was given to the fact that the outplacement program had been established to furnish immediate assistance to the heads of the career services who wished to make referrals to outplacement of all types of organization employees (rather than only staff). 8/ It was also noted that in setting priorities for outplacement assistance they would be based on concentrated support for those officers with meritorious Agency records. In other words,

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while the outplacement officers could indeed work with the marginal employees who might be channeled through the selection-out procedure, it was stressed that the outplacement program was independent and was best geared to work with candidates of high professional caliber.\*

Mr. Stewart's enlargement of the scope of outplacement activity afforded the heads of the career services a direct referral system once they had reviewed their manpower assets in light of both changing program requirements and changing career interests of their staff officers. Unfortunately full advantage was not taken of these available outplacement counseling services. While a small number of career service heads did avail themselves of this new support service, the majority did not. In fact, Agency reaction to this program was, at best, lethargic. Perhaps, this change in administrative philosophy was too drastic a switch from the previous philosophy of permitting terminated officers to either "sink or swim" insofar as finding post-Agency employment was concerned.

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\* See Attachments B and C.

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During 1958, the first year of the outplacement program, a major portion of the outplacement staff's time was spent in developing internal procedures; in working out viable and rational relationships with the staffs of the personnel security and cover programs of the Agency; and in exploiting both internal and external contacts in an attempt to develop various types of employment lead sources. It soon became apparent to Mr. Frank Johns, the Agency outplacement officer dealing with US Government agencies, that CIA personnel interested in other Federal employment would be faced with meeting "new entry" (into government employment) requirements including standing for examinations and the attendant long-drawn-out processing procedures. (This problem is dealt with in greater detail later in this study.) However, another "exempted" agency, the AEC, secured in 1957 a Personnel Interchange Agreement (PIA) with the CSC under which AEC personnel were permitted relatively free movement into the competitive service without being subjected to the CSC examination process.

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The PIA was premised upon the CSC evaluation and acceptance of the AEC personnel program, an independent merit system, as comparable to that of the competitive service. Since its inception, CIA had also developed a reasonably strong personnel merit system which would have met the CSC requirements if the Agency were to become a little flexible. As a result, CSC and AEC officials were informally contacted several times during 1958. Of primary importance was the question of what the Commission would expect of the Agency if it were to approve a PIA for CIA. A telephone conversation in March 1958 between Mr. Johns and Mr. John Scott, the Commission official responsible for coordinating PIA requests from exempted agencies, quickly revealed that the Agency would be faced with the CSC requirement for veteran applicants to be granted preference over non-veterans. 9/ (This had not been an Agency practice as an exempted agency and was to become one of two major stumbling blocks for Agency management in considering whether or not to seek such an arrangement.) 10/ Discussions were also held with Messrs. Henry Jenkins and Gordon Swindel, AEC personnel officers who had worked closely with the CSC

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inspectors when they surveyed the AEC merit system to determine how well it met CSC requirements.

The AEC survey took two years, principally because AEC was the first Agency to request a personnel interchange agreement. CIA representatives were also interested to learn that the CSC inspectors did not have to be granted "Q" clearances since they had no need for substantive AEC information of a classified nature. Obviously, protection of its sources, methods of collection, and information would be critical in any Agency-CSC arrangements, too.11/

The CSC requirements were, in reality, quite reasonable in the sense that an evaluation of the Agency personnel selection and processing procedures could be easily justified, since the CSC only wanted to be sure that the CIA merit system was equivalent to that of the competitive service. It was explained by the Commission also that there would be requirements that the Agency recognize veteran's preference in hiring new applicants and that vacancies, for which external recruitment was to be undertaken, would have to be fully publicized so that "all

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interested applicants would be informed and, if interested, could apply." Indeed, these requirements had been set in stone in the CSC-AEC Personnel Interchange Agreement approved by CSC 10 May 1957.<sup>12</sup>/ (See Attachment D.)

However, another idea continued to plague Agency administrators--that once the Agency had entered into a CSC interchange agreement, the CSC would, or could, for example, levy a requirement on the Agency to hire some employees from another Agency undergoing a reduction in force. This supposition was disclaimed by CSC representatives, but the idea, once planted, remained. Even though Mr. Siciliano had strongly recommended the securing of a CSC-CIA agreement, those administrative requirements that could be levied by the CSC on the Agency made Agency management decide against seeking such a contract. However, this subject has continued to come up for discussion from time to time.\*

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\* Particularly after each signing of an Executive Order granting transfer rights to White House employees, Legislative and Judicial Branches' employees, and, most recently, Foreign Service officers.

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Without a personnel interchange agreement, those Agency employees who wished to seek other Federal employment would have to go through the regular CSC examination process and stand their chances along with the general public in being considered and selected for other Federal position vacancies. The lack of such an agreement naturally had an important effect on both the planning and operation of the outplacement program. Messrs. Siciliano and Stewart envisioned the CIA outplacement program as a high level inter-agency placement operation to be handled on an individual case basis by the DCI and the heads of the agencies to which CIA officers wished to transfer. The key to the success of these proposed high-level arrangements would have been tied into CIA securing a personnel interchange agreement which would have given the head of the receiving agency authority to make an appointment of a CIA officer into a competitive service position based upon his qualifications and tenure in the CIA merit system. Without such an agreement, agency heads in the competitive service would not have any sufficiently broad appointment authority to transfer CIA officials into the competitive system.

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Mr. Frank Johns, a former Chief of the Outplacement Branch,\* has recalled that Mr. Gordon M. Stewart, the Director of Personnel, not only took a keen personal interest in the initial, informal planning phase of the outplacement program, but also maintained close rapport with the outplacement officers throughout his tenure as Director of Personnel. As a result of his long-term exposure to Agency operations, Mr. Stewart felt strongly that many of his Agency peers would, if they were to leave the intelligence field, be interested, on the one hand, in careers in the academic world, or, on the other, with large US corporations having international divisions requiring officers interested in living abroad and possessing specialized linguistic ability and foreign area knowledges. He often cited stories that he had heard about the outplacement successes of MI 5 and MI 6 in their placements of retired British intelligence officers into such British-controlled concerns as Lever Brothers, Ltd., and other large organizations.

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\* Mr. Johns served as Chief, Outplacement Branch from the program's inception in 1958 until 1966.

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To a lesser degree, Mr. Stewart also appreciated the fact that some officers might prefer to continue a governmental type career in another Federal organization or even in units at the state and/or local levels. In these instances, CIA managerial experience and administrative know-how would be among the assets that these officers could offer. With these ideas in his mind, one can readily understand why the Director of Personnel felt that the most realistic division of effort in the Outplacement Branch should be between academic/industrial placements and governmental (all levels) placements. Of course, the fact that the two senior outplacement officers assigned to the program had specialized backgrounds in each of these areas, reinforced this thinking.

During 1958, the first year of the program, this division of effort was tried. It worked well insofar as the assignment and completion of initial staff work necessary to getting the program underway was concerned. For example, the exploitation of industrial and academic employment lead sources in no way followed the pattern used in developing Federal and other types of governmental employment

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lead sources.\* The same was true in ascertaining employment standards in these different areas as well as in resolving employee-clients' security and cover problems and guiding them toward workable arrangements according to such employment goals.

However, the premise that the individual CIA employee-client would be inclined to pursue one employment area exclusively was found to be incorrect. One finds that Agency professional employees who did use the outplacement facilities invariably decided to exploit all possible employment areas. (The

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\* Governmental employment opportunities, in all jurisdictions, are subject to "conditions of employment" requirements (veteran's preference, jurisdictional citizenship, examinations publicized with a lengthy application period sufficient to permit all qualified citizens an opportunity to apply, etc.). Academic and industrial institutions, on the other hand, use the "direct-hire" approach of offering immediate employment to those that meet their educational and experience qualifications standards.

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only exceptions were those cases for which the Office of Security specified that certain types of employment -- affiliation with various international organizations -- was not acceptable. Rather than continue having the two outplacement officers deal with the same employee-client, one for industrial/academic and the other on governmental employment opportunities, it was decided to have both officers develop expertise in all employment areas and thus fully service each client's employment requirements. This, in the final analysis, was the only logical solution. It worked out well, and, at the same time, gave the staff more flexibility.

Another procedural change was implemented as a result of the staff's findings during the first years of operation. It was found that employment lead data were extremely perishable, and frequently sensitive as well. Experience also showed that it was difficult to convince many organizations to even consider CIA employees as potential candidates (largely because of their unknown qualities or assets). To compound the matter, in those cases when an official would make available job leads with the understanding that the outplacement officers would be referring candidates shortly

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the Agency soon became notorious for the frequency with which its potential candidates proved to be "no shows."\* The impact on the Agency's public relations was definitely negative.

To improve its "image," the outplacement officers decided to shift their employment search to a client-based effort, with an outplacement officer handling his individual client throughout the duration of his interest in employment search assistance. This approach was highly specialized and more time-consuming but also more rewarding than the one previously followed. In addition, it

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\* By 1958 several hundred Agency officers at the GS-13 level had accumulated upward of fifteen years of Federal civilian, OSS wartime, or military service. It was felt that many of these officers, if they were to leave CIA, would have preferred to continue their employment affiliation with the Federal Government. This premise was based upon the retirement benefits available to the CIA employees as members of the CSC retirement plan--an assumption borne out later, since the majority of outplacement clients were interested only in Federal employment, even though they made inquiries about employment possibilities in the academic/industrial sectors.

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did help to avoid leaving a negative impression upon cooperating organizations who were willing to consider CIA employees.

The internal image of the outplacement activity also received considerable attention during the first half of 1958. In an attempt to dissociate outplacement from selection-out programs, personnel officers undertook a vigorous internal briefing program. All in all, 22 briefings were held, including 16 presentations to heads and members of individual career service boards. The practice was also continued in 1959, when 10 briefings were given. This approach had an impact upon the outplacement program, but the effect was different from that anticipated.

It was true that the original charter was somewhat nebulous in defining how far the Director of Personnel could go in establishing or extending the parameter of this program. But extend it he did. Under the selection-out procedures memorandum, these personnel procedures were limited to identifying and taking administrative action on staff personnel. (See Attachment A.) Therefore, "meritorious cases" warranting outplacement assistance, therein referred to, were limited to staff personnel. How-

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ever, during the first four years, the Director of Personnel administratively extended the outplacement charter, on a case-by-case basis, to include all of the eighteen different Agency employment categories.\*

Since there was no other administrative machinery at this time (1958-60) to identify and take action on surplus personnel,\*\* the heads of the various career services and other senior officials used the outplacement service in an informal way. Agency managers began to suggest that certain of their employees should voluntarily seek assistance in locating other employment. This group then became the major part of the workload of the Outplacement Branch. The second largest group of employees assisted were those either being selected out through the office of the Special Assistant to the Director of Personnel or terminated for medical or security reasons.

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\* Of course, a number of these were handled not only at the request of Agency line officers but also at the behest of the Director, the Inspector General, the Director of Personnel, and other key officials.

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Eventually the employees' "communications grapevine" helped to publicize the outplacement program which, in turn, helped further to extend the parameters of the type of assistance furnished, particularly in expanding the clientele base. With the informal concurrence of the Director of Personnel, and at the request of program directors, case officers, and administrative and personnel officers, the outplacement officers began assisting contract employees, contract agents, career agents, military staff agents, military retirees, civilian retirees, and others seeking assistance. Operationally, the successful handling of each different type of employee client presented new and challenging administrative problems, not only from a counseling standpoint but also because many involved unique security/cover considerations.

There is no question but that the outplacement program met an important need of the Agency. As an index of the scope of the outplacement activities, the official outplacement annual reports revealed a workload for the period from spring, 1958, through the spring of 1962 of 1,150 cases--an average of approximately 300 new cases each year.

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From a program administration standpoint, employee-client caseload statistics were the best measurement of outplacement activities. Year after year, management seemed solely interested in the number of external placements made. In view of the types of clients handled, the 40-percent (or slightly more) average placement rate was indeed respectable.

Outplacement documents also show that for the 30-month period from July 1961 through December 1963, the outplacement officers worked with 817 clients--157 (19 percent) of whom were carried into calendar year 1964 as active cases. Of the balance, 352 individuals (44 percent)--166 professionals and 186 clerks--were placed in other organizations; 118 (14 percent) accepted other internal Agency assignments; 111 (14 percent) showed no continuing interest in outplacement assistance; and 79 (9 percent) resigned or were terminated before finding other employment. Within this group of 817 were 100 employees affected by the "701" exercise.\*

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\* The "701" exercise is discussed in Section II of this report, beginning on p. 34.

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Of these, 21 accepted other Federal employment; 6 went to private industry; 3 went into teaching; 35 accepted Agency reassignments; and 17 retired (having sought outplacement assistance to straighten out employment-cover-security problems that might confront them if they were to seek employment later.) The 18 remaining employees were retained by the Agency until they could qualify for discontinued service retirement needing less than 2 years of additional service.<sup>13/</sup> Outplacement counseling was, of course, provided to these employees before they left the Agency.

Interestingly enough, it was several years after program inauguration before management accepted the concept that outplacement could not function as an employment agency\* but should fill a more important

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\* Not only did management think of outplacement officers as job brokers but so did many employee-clients. The question was often asked "where are your lists of job vacancies?" with the idea in mind that the client had only to decide what job he would like and it would be his.

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counseling role by working with individuals in order to redirect their thinking into how to best use or develop their transferable skills and abilities in anticipation of entering second-career fields. A secondary responsibility was to insure that pertinent cover and security arrangements were considered in developing Agency employment documentation. Finally, once the foregoing had been accomplished there was the residual responsibility of making selective external employment referrals. During the 1958-1962 period, the staff of the outplacement service was increased from a three-man operation to five professional counselors and one secretarial assistant.\* The outplacement officers conducted in-house interviews, counseling sessions (including a limited number in clandestine surroundings), and attempted

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\* Largely due to anticipated counseling requirements to be generated by those involved in the "701" exercise.

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to resolve an increasing number of unique cover and security problems.\* Initially, these problems were resolved on an individual basis; but the Outplacement Branch was eventually able to develop formal clearance procedures with the Central Cover Staff (CCS) and the Office of Security (OS). Departing employees who followed these specified procedures could be certain that their job statements would be consistent with Agency security and operational cover requirements.

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It soon became apparent that in order for the outplacement program to function satisfactorily, it would have to have a more responsive, professional role in the resolution of the personnel aspects of security and cover problems of its clients. Although the Office of Personnel had never previously gotten involved in such matters, from time to time it was called on to "pick up the pieces" of a shattered cover story and to try to resolve it in some logical fashion to the satisfaction of another organization and employee. The responsibility for handling telephonic and written employment reference inquiries

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rested with the Chief, Transactions and Records Branch or his clerical designee. "Routine handling" was the best way to describe the discharge of the reference inquiries. As a result of inappropriate handling of the reference work for several outplacement clients, the Chief, Outplacement Branch, recommended to the Director of Personnel and the Chief, Personnel Operations Division (POD) that Outplacement assume full responsibility for these two areas for its clients.

The Director of Personnel informally approved this change, recognizing that it was important for the outplacement officer to work initially with representatives of the Central Cover Staff and OS, as well as with the employee, in developing and refining a cover story that would be consistent with the individual's employment objective and which would be logically backstopped. In a somewhat similar manner, the outplacement officer was able to furnish a professional employment response tailored to meet the requirements of the specific job to which he had originally referred the employee client. It followed that, without the CSC personnel

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interchange agreement, those interested in other Federal employment had to file for appropriate Civil Service examinations. Because many of the Agency supervisors were under cover, the preparation of responses to these highly technical CSC "examination vouchers" (for outplacement clients) was also accomplished by the outplacement staff.

With experienced outplacement officers handling these support matters, the quality of service definitely improved to the benefit of the employee client. Furthermore, it was determined informally by the Director of Personnel that professional outplacement support should be made available to all current and former employees GS-12 and above. The assumption of these additional chores was indeed time consuming, but the additional responsibility and experience helped the outplacement program to come to full maturity. For the first time in its history, the complete responsibility for coordinating all personnel, security, and cover needs of

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employees departing the Agency was given to a single unit in the Office of Personnel.\*

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\* This philosophy was ultimately crystallized with the publication of [ ] 15 September 1961. The same philosophy was continued in the revision of this regulation-[ ] 27 April 1965.

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~~SECRET~~II. The "701" Exercise

The development of the outplacement program as a "service of common concern" was indeed fortunate. In the spring of 1962 the Outplacement Branch was called upon to lend full support to "second-career" counseling (including developing supportive documentation) and to employment searches for external employment opportunities for approximately 191 operations officers, training officers, and administrative and technical support personnel designated surplus under the Agency "701" formal manpower control program.<sup>14/</sup> Although outplacement officers had been working with employee clients informally referred by career services as surplus to the needs of either their programs or those of the Agency, no formal administrative machinery had been developed to cope with the problem of handling "surplus" personnel until February 1961. At that time, [redacted] "Separation of Surplus Personnel" and [redacted] "Separation Compensation" were approved. These two regulations not only provided administrative proce-

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dures, but also established separation compensation schedules for personnel being separated after years of clandestine service--personnel for whom job transfers would be difficult because of the security restrictions regarding the full disclosure of their qualifications.

With these regulations on the books, it wasn't long before outplacement officers found themselves counseling many of the employees who faced job termination. In May 1961, the Chief, Technical Services Division, DDP, declared surplus a small group of

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Co.) About the same time, the DDS as Head of the Support Career Service, declared seven administrative officers surplus, and, as a result of his abolition of the Management Staff, ten management analysts and five records-management officers. The Director of Training placed 13 training officers

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in this category. The DDP declared 153 Clandestine Service careerists surplus in September 1961.\*

These actions made a strong impact on the Outplacement Branch. Not only was it necessary to undertake in-depth second-career counseling with all of these employees (even those who ultimately went into retirement had to be counseled so that cover and security problems surrounding their Agency employment could be resolved before they left the area for the four corners of the world), but also a number of CS employees whose morale had been affected desired to look elsewhere even though they were not personally involved in these surplus programs. A number of such employees sought assistance from the Outplacement Branch, but eventually lost interest if no job vacancy to their liking became available or if they found that they themselves were not to be affected by the "701" exercise.

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\* Agency administrative considerations on the parameter of the "701" exercise are detailed in *The History of the Specialized Activities Staff, OP.*

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During the "701" exercise, and for some time thereafter, the administration of the outplacement program increased in complexity as the result of a number of administrative factors beyond the staff's control. For example, under internal OP arrangements, the outplacement officers found themselves working on external employment possibilities for the "701" clients simultaneously with Agency placement officers who were seeking internal Agency reassignment possibilities for the same individuals. It soon became apparent that most of these employees were primarily interested in remaining with the Agency. This personal preference of the clients became stronger as soon as the Agency announced that upon acceptance of a reassignment into a lower graded position (up to and including three professional lower grades) the employee could retain his highest salary for a two-year period.

The Outplacement Branch could not compete with this Agency reassignment offer. This was especially true with the CS operations officers who had such specialized experience that few, if any, other Federal agencies or industrial organizations

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were interested. The exception was the Agency for International Development, which hired several Agency surplus CS employees. However, in each case, CIA was required to agree to re-employment rights for each one, although few exercised such rights.

The continuing relationship of an outplacement officer with a client was unique even though clandestine at times. For example, even after some of the "701'ers" had accepted lower-graded Agency reassignments, they continued to seek external leads from the outplacement officers--still hoping for an offer equivalent to their prior grade level or even higher. Other individuals, after the initial two-year salary retention period had been completed in an Agency assignment, faced with a downward salary adjustment, also returned for additional employment leads outside of the Agency in the hope of finding better paying employment.

Of the 191 officers declared surplus, 69 could not be relocated by either the Placement Division or the Outplacement Branch, and such individuals

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were eventually terminated and placed under the Agency separation compensation plan.\* As with the internally placed employee clients, the outplacement officers continued to offer advice and assistance to its client-employees in this group until either the separated officer was placed, found employment on his own, or decided not to seek a "second career." Interestingly enough, there were cases where the lines of communications between a client and his outplacement officer were maintained on a voluntary, informal basis; and, in a few instances, Agency case officers were then able to contact the former employees and offer project contracts to some of these individuals.

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\* In recognition of the fact that officers engaged in clandestine operations would be at a special disadvantage in making occupational transfers, [redacted] "Separation Compensation" was approved in February 1961. It established a compensation schedule which authorized one month's salary for each year of service (up to 12 years); salary computation base to be salary level held at time of termination. For GS-14's and above the salary ceiling was set at the top step of GS-14. After initial payment, subsequent bimonthly payments were to be reduced by the amount of earned income, retirement annuity or unemployment compensation received.

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From the spring of 1962 until the end of 1963, the outplacement officers spent 41 percent of their time working with the "701" clients. The other large group of clients were, as mentioned earlier, the "volunteers." This latter group required about 44 percent of the time of the outplacement officers. However, the majority of the clients in both classifications were primarily interested in securing other Federal employment, largely because they had become adjusted to the governmental way of life and their own pay status. Furthermore, with a substantial investment in the CSC retirement plan, the thought of surrendering a reasonably sound pension plan was probably highly distasteful.

In view of this continuing interest in Federal employment by the outplacement clients, the Director of Personnel suggested that the Executive Officer/OP and the Chief/Outplacement Branch, arrange to reopen informal discussions with the CSC officials on a CIA-CSC Personnel Interchange Agreement. Since Congress had limited the granting of veterans' preference to the period prior to July 1955, the CSC representatives pointed out that the bugaboo of CIA

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recognizing veterans' preference had diminished considerably--each year progressively fewer veterans would be applying. However, the CSC procedural requirements remained essentially as they had been in 1958.

In his memorandum to the DDS, dated 1 June 1962,<sup>15</sup> the Director of Personnel indicated that he opposed seeking a Personnel Interchange Agreement with the CSC. Pointing out that the CSC would not enter into such an agreement unless the Agency agreed to give formal recognition to veterans' preference in its consideration and selection of applicants, he believed that the disadvantages to the Agency which would be inherent in the adoption of this policy would far outweigh any advantages we might gain through such an interchange agreement. In addition to the Agency being forced to develop elaborate selection procedures which would further complicate an already difficult recruitment problem, the CSC would be in an authoritative position to inspect Agency personnel operations and possibly change (or expand) its requirements on CIA as one of the agencies participating in an interchange

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agreement. The Director of Personnel left the door open by suggesting that there was an alternative means of securing essentially the same arrangement. He pointed out that there still remained the possibility of seeking the issuance of an Executive Order which would avoid a confrontation between the CSC and the Agency on CIA's employment policies.

Prior to this, President Eisenhower had signed Executive Order No. 10577, dated 22 November 1954, authorizing transfer privileges into the competitive service for Executive Office and White House staff personnel. Of course the importance of the Agency also seeking such an Executive Order was championed by the Chief, Outplacement Branch, who informally discussed the advantages of using this Executive Order approach for the Agency with the Chief, POD, and the Director of Personnel not only each time that a Federal unit secured an Executive Order but also at every opportunity that he had. (In 1965, Agency management was to find that the Department of State also accomplished a personnel interchange agreement via the Executive

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Order\* route.) However, no positive action has ever been taken by Agency management with respect to seeking a formal interchange agreement under either the Executive Order or CSC-CIA negotiation approach. Thus, the use of the CSC "open" examination method with its long-drawn-out processing procedure was the only alternative for those "non-status" employee-clients seeking other Federal employment.

From the support standpoint, it was thus necessary to make the Outplacement Branch responsible for the coordination and establishment of Agency reference positions on every client in order to respond to both CSC examination and employment reference inquiries. This professional chore was necessitated by the inability of Agency employees to indicate Agency supervisors as references, and was further complicated by the unavailability of many former supervisors then in overseas assignments. Although the workload for outplacement advisors was increased by this requirement, it was recognized as an excellent arrangement since it pulled all "the loose ends" together.

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\* E.O. No. 11219, dated 6 May 1965.

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As part of the basic program development, the outplacement officers exploited industrial employment leads with representatives of the Domestic Contact Service (DCS) and the Central Cover Staff (CCS). However, without firm indications of specific employment interests from the outplacement clients (coupled with the fact that most of them had little to offer an industrial organization except maturity and high salary requirements), it was not unreasonable for OP representatives to have received a cool reception from DCS, CCS, and representatives of private organizations.

Typically, their reaction was in terms of "most industrial concerns have career programs of their own and they seldom need to look on the outside for middle and senior level replacements. Further, those that are looking are only interested in top-flight executives with plenty of industrial management know-how . . ." However, with the "701" groups totaling 191 individuals, it was decided to again discuss liaison potentials with the DCS and CCS in 1962. The reception this time was more cordial, and, in fact, the CCS "dropped off" the

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resumes of a few employee-clients in some of the organizations with whom they carried on liaison.

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officials. The outplacement employee-clients with whom these units worked were required to "play the game" in the fashion spelled out by either the CCS or DCS--an arrangement that presented no significant personnel problems to the outplacement clients. Unfortunately, the record shows that not a single external placement was ever made through the efforts of DCS or CCS.

In addition to the efforts of DCS and CCS, the outplacement officers also attempted to exploit the industrial employment market on an individual client search basis. Although it was almost immediately apparent that surplus CIA officers were not trained for, experienced in, or attracted to US industry, the C/OPB prevailed upon CCS to share the services of a [ ] placement firm (in essence, a firm engaged in recruiting employees for customer concerns) in an attempt to better fathom the industrial job

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market. The firm in question, [REDACTED]

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[REDACTED]. The two owners were experienced employment agency officers who had done creditable work in recruiting for CIA projects. However, after a number of referrals with nothing but negative results, C/OPB arranged for a special placement campaign during which time the employee-client would remain [REDACTED] for as many interviews as could be arranged. This was in contrast to the day or half-day effort that had been allotted to previous clients.\*

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The officer selected was a 35-year-old male employee with writing and editorial skills coupled with several years of liaison experience. He was interested in moving out of the Agency into public relations, radio sales-writing, or similar fields. Several days were devoted to the campaign, and a number of worthwhile interviews were arranged. Unfortunately, the net result was "no offer." The project costs to the firm were more than had been

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\* It was understood that, if successful, a new contract would be arranged for similar campaigns.

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anticipated. This firm, naturally, did not encourage a second campaign. A change in the locale of outplacement efforts was then considered to be in order.

Because many outplacement clients wished to remain in the local area, informal arrangements were made with the owner of a small Washington, D.C. employment agency to investigate the job market. After interviewing several Agency "701" clients, the employment agency counselors threw in the sponge. On the positive side, however, the owner did suggest that CIA employment search efforts should be almost exclusively concentrated on locating employment opportunities in Federal and local government units for these officers.

Before accepting the advice of these experts, the C/OPB undertook an informal survey of a number of smaller New York employment agencies. He found that these employment agency owners were quite candid in responding to the question as to whether or not they felt that they would be able to place ex-CIA personnel. (A few, it was apparent, thought that CIA = FBI!) A few flatly refused to work with the Agency, but all indicated that in view of high

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office rentals and impatient, demanding customer firms, they frankly would not refer other than "truly qualified" job applicants to their customers. The question of such agencies giving any weight to an individual's potential to learn a new skill was simply out of the question. As an example, one indicated that referring a government accountant to an export-import firm would probably not result in a satisfactory placement, since such firms wanted not only industrial accounting skills but also a sound working knowledge of the export-import field. The bitter lesson was thus learned early in the ball game by the outplacement officers that industry would accept only already qualified CIA applicants regardless of either their Agency performance records or growth potentials.

By 1964, the various Agency career services which had gone through the distasteful experience of identifying surplus personnel had moved on to other manpower matters. From a historical standpoint, the "701" exercise\* might well have marked the end

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\* By and large, the outplacement efforts for "701" employees, which commenced in the Fall of 1961, had been terminated by the end of 1963.

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of an era in CIA personnel management. The nature and manner in which the "701" exercise was handled was subjected to intense criticism by supervisors and employees alike. Due to the continuing drop in the Outplacement Branch's workload, the spring of 1965 brought with it a reduction in the professional staff from five to two counselors with a secretarial assistant.

The question might be asked, "What lessons did the Agency learn from the '701' experience?" Criticism of the low number of placements by the Outplacement Branch was heard from some quarters; however, the failure to make more placements did not reflect the basic problem--it was symptomatic of another administrative condition. The CIA, a unique organization, has had to develop, in-house, many of the skills needed by Agency programs. As a result, its career management philosophy has been oriented to recognize such skills. Thus many Agency careerists have unique organizationally developed skills that have little transferability in the open job market. This also applies, to a slightly lesser degree, to those who embarked upon an intelligence

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career by transferring from other more orthodox professional fields. Over the years these intelligence officers have also lost transferable skills that would have to be renewed and updated to put such individuals into reasonably competitive positions in the labor market.

"Second-career counseling" could not provide the broad administrative training that would have permitted Agency-sponsored reorientation, skills updating, and/or "second-career training" for Agency careerists. Under the "701" exercise, neither the time nor the training were available to the CS careerists who wanted to move into another career field. In recognition of this problem, the Chief, Outplacement Branch, subsequently recommended that a more expansive Agency training policy be approved for officers wishing to update skills and specialties having second-career potential. Following through on this Agency-sponsored pre-retirement training concept, the Director of Personnel sought the opinion of the General Counsel as to whether such an arrangement could be accomplished under either the Government Employees Training Act or CIA legislation.

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In a memorandum dated 24 May 1965,<sup>16/</sup> the General Counsel indicated it "could not be accomplished under the Government Employees Training Act. However, since the announced objective of such a training proposal was founded in the main on security considerations ... (they) would permit a decision by the Director to establish such a training policy and program under his authorities in the two pieces of legislation from which the Director secured his administrative authorities."\* Subsequently, the Director of Personnel proposed an expansion of the Agency's Retiree Placement and Counseling Program<sup>17/</sup> and his proposal to the Executive Director-Comptroller included a statement that OP would undertake a thorough exploration of the Agency's authority to sponsor prospective retirees in training programs that would provide post-Agency employment qualifications.

In response<sup>18/</sup>, the Executive Director-Comptroller strongly suggested that such a training

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\* 50 U.S.C. 401 National Security Act of 1947, as Amended. 50 U.S.C. 403(a), the CIA Act of 1949, as Amended.

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proposal should be fully and promptly explored. Further, if the Agency could legally undertake such a program, the Executive Director-Comptroller noted that his sole proviso was, as a practical matter, that the Agency would have to guard against creating inequities between those personnel retiring under the Civil Service Retirement System and those retiring under the CIA Retirement System.<sup>19</sup> Although the invitation was offered, the Office of Personnel did not pursue this during 1967, since its retiree clients, in the main, were not interested in training or, if they were, there would have been insufficient lead time for undertaking any lengthy training programs.

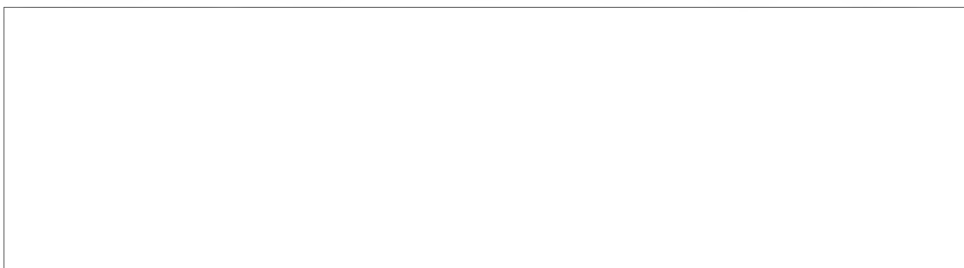
While it was also significant that Agency management had recognized, possibly a little prematurely, the continuing need for a "second-career counseling" program, perhaps of more significance was the impact that this program had on improving the external relationships of the Agency. During the first, formative years of the outplacement program it became apparent that not only Clandestine Service staff careerists but also many contract

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employees, contract agents, career agents, and



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all after a period of time. With the encouragement of the Director of Personnel, the Chief of the Outplacement Branch initially handled many of these cases "after the fact" in order to get the Agency and/or individual out of sensitive situations.

Administratively, an internal, informal Agency procedure was soon developed with the Outplacement Branch as the Personnel coordinating unit responsible for working with all types of employees as well as with representatives of the Central Cover Staff and the Office of Security on these matters. In the process, all parties learned to "give a little" so that the individual would be better able to negotiate himself into other employment without professional sacrifice or imprudent involvement of the Agency.

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### III. Retiree Placement

As a prelude to a review of the establishment of the Retiree Placement Program in the Office of Personnel, it should be noted that Mr. Lyman Kirkpatrick, the Executive Director, had long been a mentor of the incumbent Directors of Personnel in encouraging the development of a dynamic and vital Agency Personnel Program. Thus, with the CIA Retirement Act<sup>20</sup>/ about to be passed by the Congress in the fall of 1964, Mr. Kirkpatrick took a marked interest, earlier in 1964, in the status of the Agency Outplacement Program. His main objective was to try to insure that the ongoing program would be able to meet such additional requirements as might be levied by "early retirees" (mainly Clandestine Service careerists) who might be taking advantage of the Act's liberal provision permitting retirement at age 50.\*

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\* As early as 1962, proposals for the Agency to assume an obligation to furnish employment assistance

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A review of the Executive Director-Comptroller's action memorandum, 21/ the Director of Personnel's responses, 22/ and a special study made for the DDP indicate some of the difficulties faced by those attempting to make policies best suited to the needs of Agency retirees. Early in 1964, for example, the Chief, Operational Services, DDP, had employed an industrial consultant (a former vice president of a medium-sized US concern) to review and estimate the retiree placement problems which would be generated as Clandestine Service careerists availed themselves of the opportunity to retire from the intelligence profession while they were still in their early 50's and to undertake second careers. The consultant strongly recommended that industrial

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to employees separated as a result of retrenchment were being made and informally discussed--particularly in the DDP, where there was definite recognition of this problem. Many employees affected by retrenchment measures then operative had entered Federal service late in their careers and had not compiled enough service to qualify for normal Civil Service Retirement annuities.

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The Director of Personnel, by contrast, was of the opinion that the already established outplacement program could handle the additional workload which would result from early retirements. (He did recognize, however, the possible need for additional staff as the volume increased.)

Aware of the relative positions of both the Office of Personnel and the Clandestine Service,

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Mr. Kirkpatrick opted for a compromise. Considering that the new legislation for Agency retirees would present additional challenges, he had suggested that the Office of Personnel either augment the existing outplacement program or establish a specialized retiree placement activity specifically geared to handle the unique second-career placement problems of the CS careerists. At all times, however, the Executive Director-Comptroller made clear that he favored centralized control of the Agency's outplacement program and opposed the DDP idea of an activity independent of the Office of Personnel for handling the CS retirees.

On 2 February 1965, Mr. Kirkpatrick directed Mr. Emmett Echols, Director of Personnel, to establish a specialized mechanism within his office to provide outplacement assistance to those Agency employees who were retiring and would require, or desire, post-retirement employment.\* The Director

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\* The DDP project proposal was officially rejected by the Executive Director-Comptroller at the 15 February 1965 meeting of the Financial Policy and Budget Committee, when he announced the approval

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of Personnel indicated that without a ceiling increase the supervision of this expanding function would be assumed by Mr. Rex Greaves, Chief, Personnel Recruitment Division (PRD).\* 24/

At the same time, the Outplacement Branch was also transferred to that organization. Under this new functional realignment, the Outplacement Branch transferred its "retiree" clients to the C/PRD for further counseling and assistance.\*\* The Branch

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of the new retiree placement program under the Personnel Recruitment Division.

\* Because of Agency curtailments in recruitment in late 1964 and early 1965, the question of whether the Staff of PRD would have to be reduced was avoided by assigning PRD the responsibility for retiree placement. It was envisioned, too, that field recruiters would assist with employment search campaigns for early retirees. The assignment of a senior-level Support officer also satisfied those who believed that the program required a director of executive caliber.

\*\* Until 1965, the Outplacement Branch counseled those "over 60" Civil Service retirees who sought employment guidance. In 1964, 16 out of 103 retirees registered for such counseling. Agency management had thus already recognized the need for assistance for those retiring employees who would need some form of employment in their post-retirement periods.

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thus continued its employment assistance and second-career counseling for all other types of employees, while the retiree placement activities became a specialized and separate personnel effort. During early 1965, the Chief, PRD assumed responsibility for the retiree placement program and personally counseled the initial group of retiree clients. He also organized and directed a specialized employment research activity for the upcoming retirees. 25/ In-depth research was geared to explore employment areas that might be of prime interest to both regular as well as early retirees. For example, heavily researched were such areas as "franchised" business, sales, investment brokering, local chain store management, teaching opportunities at collegiate, university, and local secondary school levels, etc.

As an independent personnel program, the retiree placement program was given considerable publicity (*Support Bulletin* articles\* and Agency employee notices); and, more importantly, full

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\* See Attachments E and F.

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top-level Agency support. Further, because of his organizational location, the Chief, Retiree Placement (for a brief period, the C/PRD wore this title as well as his divisional hat) had direct and viable support from active professional field recruiters who could assist in locating available collegiate and industrial position vacancies.\* Probably of greatest significance was the fact that those counselors involved in the specialized retiree placement program had the advantage of being able to concentrate their efforts entirely upon retiree clients. Unfortunately, outplacement officers had been frequently confronted with other crash placement priorities (involving working against short deadlines) which sometimes relegated retiree assistance to a low priority.

From a historical standpoint, it would be well to emphasize that since the Agency's inception in 1947, all staff employees had been under the retirement program of the US Civil Service Commission.

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\* See Attachments E and F.

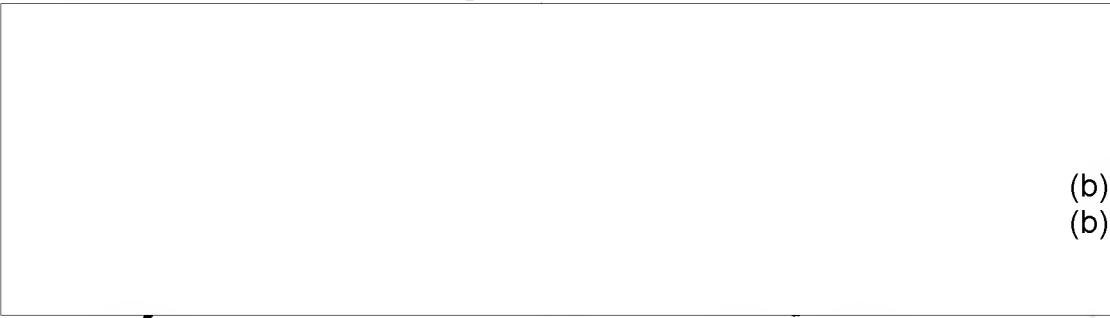
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While retirement experts recognized that the CSC retirement plan was one of the best, the Agency itself had developed an administrative policy to "keep the organization young."\* However, the CSC retirement plan did not offer any administrative encouragement to the CIA since the CSC plan was restricted to only one mandatory age--seventy. While the CSC plan did provide some earlier retirement possibilities, their selection was entirely at the option of the employee. Within CIA, then, it soon became apparent that there would be need

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\* This youthful image concept was to become of considerable concern to the Clandestine Service, and not without administrative justification. The development



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In addition, the Agency found that older officers tended to "put down roots" in the US as their children reached high school age and did not look forward to overseas assignments. Others developed health problems--either themselves or members of their families.

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for some special CIA legislation that would make available early retirement opportunities for the Agency's maturing officers.

The internal retirement philosophy and the course of administrative events that occurred in the Agency are covered in adequate detail in OP-1: *History of the Retirement Counseling and Placement Staff* (May 1969), but the impact of the administrative extensions granted by the Agency Retirement Board to prospective civil service retirees who appealed their cases on hardship or other compassionate reasons, are not recorded elsewhere. They usually had a direct influence on both second-career counseling and external employment assistance programs. It was quite evident that the Agency Retirement Board's primary purpose was to serve as an appeals board, although it did attempt to encourage employees who met the Agency retirement criteria to make application for retirement as soon as they were eligible. However, when the initial Agency retirement policy (and each succeeding policy change which affected a group by moving up its retirement anniversary date) was established, the Board agreed to extend some of these retirees for a year to two because of individual

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hardships or for other compassionate reasons. In each case, however, it was with the understanding that the individual employee would continue to seek the assistance of the out placement counselor and try to find other employment that would augment his retirement annuity.

It soon became apparent that the Agency Retirement Board was fairly liberal when such cases came up for review and would agree to at least one more extension. In view of this, eligible retirees dealt with the counselors in a rather desultory manner since they were primarily interested in completing a full-term career with the Agency, thus becoming entitled to a larger retirement annuity. Both the Outplacement Branch and later the Retiree Placement Branch were somewhat less than successful in handling such retiree clients. To further compound the problem, most Federal organizations were simply not interested in acquiring older employees unless they were international economists, electronic engineers, or had other specialties in short supply.

The passage of the "CIA Retirement Act of 1964 for Certain Employees" (P. L. 88-643) (See Attachment G)

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on 13 October 1964 created an entirely different set of administrative problems. Although it is a well-known fact among public administrators that the most successful program managers know what their inputs and outputs will be for specific time periods, the CIA "early" retirement input factor was simply lost to Agency management control because of its voluntary nature. Unfortunately there were a lot of "window-shopping" volunteer clients who should have "opted out" at the time of their initial contact with the second-career counselors but who, in the final analysis, did not exercise that option until some time later.\* As clients of this type were cranked into the program's production statistics, the percentage of actual placements naturally dropped. Efforts were concentrated on those employees who would reach mandatory retirement age within a short period of time or who were interested in early retirement in the immediate future.

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\* In January 1970, a review was made by this writer of the names of the 1968 and 1969 CIA "early" retirees. Interestingly enough, a number of 1965-67 'volunteer clients' names appeared on these lists.

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The CIA Retiree Placement Program was the first of its kind in the Federal Government. From February 1965 until December 1967 it had, seemingly, an *excellent* placement rate--placing 65 out of 157 clients during this period. Although highly qualified professional personnel officers handled this program, successful external placements were minimal--a majority of the 65 successful placements were for "in-house" projects with the former staff employees converting to contract status with definitive pay ceilings and year-to-year contractual arrangements. Here again the facility with which the employee could get an extension (or decide not to opt out under the early retirement provision) left the retiree counselor helpless with respect to getting the more reluctant employee client to actually retire and seek other employment.

Reorganization and administrative support notwithstanding, the retiree placement program failed to induce a wholesale exodus of early retirees. In fact, after directing this program for 18 months, the C/PRD wrote a lengthy report 26/ (See Attachment H) on the post-retirement employment prospects for

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Clandestine Service careerists (retiring between age 50 and 62). Of major significance was the fact that although the Clandestine Service had the largest number of "early retirees," it had the poorest external placement potential. The C/PRD pointed out that, for example, US business is not looking for 58-year-old recruits, since they have plenty of their own candidates for such vacancies, including overseas representational assignments (a prime interest to retiring operations officers). In the business area, the greatest demand for personnel was in domestic and possible international sales work, a career field having rather limited appeal to CIA retirees. C/PRD further pointed out that in the limited manpower market of Washington, D.C., there simply were not enough jobs available for the large number of up-coming retirees who wanted to stay in the area. On the more positive side, the report indicated that for those retirees with advanced degrees and willing to relocate, there would be a plentiful supply of collegiate teaching posts. Other possibilities included positions in the industrial security, finance, real estate sales,

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and library career fields. The C/PRD concluded that the Retiree Placement Service (RPS) should not be counted on nor expected to find second-career opportunities for all Agency aspirants. Any placement, he went on, at the age levels involved was almost an accident of the system. Although RPS was established for the purpose of helping to insure retirees a new livelihood, it would be wiser to force retirees to accept the conclusion that if they were unable to help themselves to find a new career with a minimum of Agency assistance, they would have to become reconciled to living on their retirement annuity. C/PRD's ultimate conclusion was that the younger participants (age 45-48) in the CIA retirement and disability system should be encouraged to consult with RPS well in advance of their retirement dates regarding the necessity of retreading themselves for a new career or planning to live on their annuities after retiring.

However, in spite of the pessimism of the C/PRD, there were other forces within the Agency that came to a focus at this time upon the parameters of both the retiree placement program and Agency

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retirement program. On 15 November 1966 the DCI, Mr. Richard Helms (a long-time Agency careerist), met with the Executive Director-Comptroller and requested that the latter look into the "outplacement program" and take whatever action was necessary to ensure that the Agency had a going and effective program. 27/ The Executive Director quickly followed through--on the same day in fact--by meeting with DDP, DDS, and Office of Personnel representatives to discuss possible augmentations to the programs. On 20 December 1966, the Director of Personnel made a presentation of an expanded retiree placement and counseling program to representatives of all the Directorates; and this group recommended that the expanded program be vigorously pursued. This was, of course, with the concurrence of the Executive Director. More detailed program plans were then developed during the spring of 1967, 28/ including a further refinement of organizational structure, development of initial staffing requirements, securing a senior CS officer to head the program, and obtaining a group of officers detailed from the several Directorates to assist in developing specific

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program segments. This then was the prelude to the Office of Personnel's establishment of a Retiree Placement and Counseling Staff which reflected Agency management's interest in establishing a *unified* retirement counseling and second-career counseling program of sufficient strength to handle the large number of Agency employees who would be reaching retirement age during the period 1970-1980.

Dr. Kenneth A. Addicott--a CS careerist--was named Chief of the Retiree Placement and Counseling Staff\* in June 1967. He and his staff then spent the entire summer of 1967 developing plans and procedures necessary to the establishment of an orderly program of considerable magnitude. In addition to a more sophisticated retirement counseling activity, the staff also encompassed the CIA retirement system maintenance responsibility as well as the CSC and CIA retirement computation activities; the merging of the retiree placement program with that of the external employment assistance activities;

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\* On 13 Dec 1967, the staff was redesignated Retirement Counseling and Placement Staff.

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and, finally, the program responsibility for developing a variety of retirement seminars.\*

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\* A detailed summary of the activities of the initial 21 months of the staff has been chronicled in OP-1, *History of the Retirement Counseling and Placement Staff* (May 1969).

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## Appendix A

Chronology: 1958 - 1967

<u>Date(s)</u>	<u>Function(s)</u>	<u>OP Organizational Location</u>
17 February 1958	DCI's memorandum charter authorized external employment assistance to staff employees with meritorious records.	Office of the Chief, Personnel Operations Division
1958-62	Director of Personnel informally extended parameter of outplacement program until external employment counseling and assistance were available to all individuals serving under any of the 18 types of Agency employment arrangements.	Personnel Operations Division, Outplacement Branch
1962-65	"Second-career" counseling was made available to Agency employees affected by "701" exercise and interested Agency CSC retirees. Employment assistance continued to be furnished to other Agency employees.	Personnel Operations Division, Outplacement Branch

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<u>Date(s)</u>	<u>Function(s)</u>	<u>OP Organizational Location</u>
5 February 1965	Outplacement program transferred to Personnel Recruitment Division, Outplacement program (sans Retiree counseling) continued as a separate branch. Augmentation of retiree placement program through establishment of separate program.	Personnel Recruitment Division* Retiree Placement Branch Employee Referral Branch
22 December 1967	The Retiree placement and employment referral programs were consolidated and redesignated as the external employment assistance program. This program was transferred to the newly established OP Retirement Counseling and Placement Staff.	Retirement Counseling & Placement Staff External Employment Assistance Branch

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\* PRD remained the division's external designation; Recruitment and Retiree Placement Division was the official name for this operation.

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## Appendix B

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16. CIA. CIA/OGC. Memo for D/Pers fr General Counsel, 24 May 65, sub: Training for Re-employment. C.
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19. CIA. CIA/OED-Comp. (18, above). C/Eyes Only.
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meeting, 27 Mar 58.  
S. (Reporter's rough  
draft transcription.)

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DD/S  
58 - 0318

ER 10-608

MEMORANDUM FOR: Deputy Director (Coordination)  
Deputy Director (Intelligence)  
Deputy Director (Plans)  
Deputy Director (Support)

17 Feb 1958

SUBJECT: Personnel Selection Out Procedures

1. In the management of the Agency's mission, we must have a continuing awareness that the vital objectives to which we address ourselves cannot be fully met unless each individual in the Agency is making a real contribution. Our personnel policies must reflect a similar awareness in keeping pace with what will be the requirements and tests of the future. We were forced to increase our personnel at too rapid a rate during the period of the Korean War. Accordingly, I am approving certain procedures the purpose of which is to identify and release from employment persons whose effectiveness is substandard (that is, persons who cannot meet Agency standards of work efficiency or conduct). Considerations of fairness to the individuals affected, the impact on Agency morale, the position of the Agency in relation to the inevitable external pressures generated in behalf of the persons identified and released impose upon the Agency a high responsibility to exercise this program with painstaking objectivity. The procedures established are those designed to assure judicious and careful deliberation on all cases.

2. The procedures for identifying personnel for selection out, i.e., termination of employment, comprise the following principal elements:

a. Deputy Directors and Heads of Career Services are responsible for identification of personnel who should be selected out in the interests of the Agency's programs, operations, and activities. Deputy Directors and Heads of Career Services will insure that the formal reviews for such identification, as described herein, are completed within ninety days from the date of this memorandum, and that similar reviews will be conducted annually thereafter. In addition to formal reviews for identification of personnel who should be selected out, each Deputy Director and Head of a Career Service will automatically advise the Personnel Office of an individual who fails to meet Agency standards at the time that failure is first noted.

b. For assistance in carrying out this responsibility, Deputy Directors and Heads of Career Services have available the existing advisory mechanisms of the Career Service Boards and the Competitive Evaluation Panels which are used to review candidates for competitive promotion in the grades (currently GS-9 through GS-15) specified in

Review of the qualifications of personnel be (b)(3) NatSecAct these grades for selection out purposes will be accomplished by the Heads of the Career Services in collaboration with the operating officials responsible for their performance.

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**SUBJECT: Personnel Selection Out Procedures**

c. When the advisory services of the Competitive Evaluation Panel are used in order to assist in the identification of personnel for selection out, the action of the Panel may consist of a listing of personnel in the Career Service arranged in rank order by grade according to those whose cases most warrant action for release from Agency employment.

d. General questions of suitability, effectiveness, or potential of an individual will automatically occasion review of his case under these procedures. Additionally, Deputy Directors and Heads of Career Services will review carefully the records of persons whose promotion progress has slowed down. Because of the nature of the many tasks performed in the Agency, it is to be expected that a considerable number of valuable employees will repeatedly come under review when this criterion is applied. The continued employment of a number of these individuals, despite the fact that they are not promoted, in no way runs counter to the objectives of these procedures.

e. When Panel review of cases is requested by the Deputy Director or Head of the Career Service, the results should normally be communicated to the Deputy Director or Head of the Career Service through the appropriate Career Service Board. If the recommendations of the Board vary from the report of the Panel, the Deputy Director or Head of the Career Service should be apprised of such differences when they occur.

f. When a Deputy Director or Head of a Career Service decides to propose an individual for selection out, he will insure that the person concerned is informed of this decision and the reasons therefor. In formulating this explanation he will consult with the Director of Personnel for the purpose of determining whether the action falls in the category of cases of inefficiency and/or unsatisfactory conduct, or if it stems from the individual's lack of qualifications for continued employment in the light of the Agency's staffing needs.

g. After the individuals concerned have been notified in accordance with sub-paragraph f., above, the names of personnel proposed by Deputy Directors and Heads of Career Services for selection out will be conveyed directly to the Director of Personnel for action leading to separation or consideration for further training and transfer to other components and/or reduction in grade.

3. The Director of Personnel will conduct a review of all cases received pursuant to paragraph 2g., above. When the Director of Personnel concurs in the proposed separation, he will notify the Deputy Director or Head of Career Service concerned and arrangements will be made to effect separation in accordance with the formal procedures given herein, or to accept the individual's resignation, and (in meritorious cases) for assistance in obtaining other employment.

SUBJECT: Personnel Selection Out Procedures

4. The Director of Personnel will notify those employees against whom formal separation procedures are to be invoked of the action proposed and the provisions for appeal. Since the separation is necessary and advisable in the interests of the United States, the Director of Personnel will recommend to the Director in appropriate cases that he exercise the authority granted him in section 102(c) of the National Security Act of 1947, as amended. Persons selected for separation under these procedures will be informed in writing of the final decision of the Agency to effect their separation. The effective date of such separation shall be not less than thirty days following receipt of the notice of final decision.

5. A limited number of additional copies of this memorandum may be obtained from the Director of Personnel by Deputy Directors who desire such copies for Heads of Career Services and other officials directly participating in the personnel reviews outlined above.

Allen W. Dulles  
Director of Central Intelligence

OD/Pers/GMStewart:val (24 Jan 58)

Distribution:

- 2 - Each Add
- 1 - DCI
- 1 - ER
- 1 - DDCI
- 1 - D/Pers
- 1 - D/Pers (Stayback)
- 1 - Gen Coun
- 1 - Inspector General

**SUPPORT BULLETIN**  
**September - October 1958**

**OUT-PLACEMENT PROGRAM**

The Out-Placement Program was established last February to provide guidance and assistance to Organization employees who have either become surplus to our program needs or who for personal reasons feel that a long tenure with the Organization would not be beneficial to either themselves or the Organization. The primary administrative objective behind the Out-Placement Program is to assist well-deserving employees to make an orderly transition from our service to other fields of employment.

Types of services furnished by the Out-Placement Branch are: (1) external employment guidance in terms of current job opportunities in Federal, state, and local governmental units; international organizations; universities; and private industry; (2) assistance in developing job resumés and appropriate employment data consistent with Organization employment status; (3) arranging for internal security and cover clearances, as required; and (4) arranging for specific external employment referrals and interviews.

Although the current labor market is, and has been, fairly tight, a number of successful out-placements have been made by this activity, largely through the efforts of the Out-Placement Branch in diagnosing transferrable skills of Organization employees and matching them with jobs in the same or related fields.



**SUPPORT BULLETIN**  
**February 1960**

**OUT-PLACEMENT PROGRAM**

The out-placement program was established to counsel and assist selected employees in seeking employment outside the Organization. This program was recently expanded to make these services available to personnel who plan to apply for retirement as soon as they qualify for annuities or who simply desire employment in other lines of work.

Since the start of the program in 1958, many junior, intermediate, and senior officials have been assisted in finding other employment. Such assistance is made possible by compiling and keeping current as much information as possible concerning actual and planned openings in private industry, other Government units, international organizations, and educational and research institutions. Also, interested employees are assisted in planning their contacts with prospective employers and in preparing and clearing job résumés.

Good out-placement results cannot always be assured on short notice. Therefore, individuals who intend to transfer to other employers should contact the out-placement staff well in advance of the time that such employment should or must be located. Early action is particularly important for occupational fields, such as university teaching, in which hiring commitments are made mainly on a cyclical basis.

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U. S. ATOMIC ENERGY COMMISSION  
Washington, D. C.

AEC ANNOUNCEMENT NO.9

May 31, 1957

AGREEMENT FOR THE MOVEMENT OF PERSONNEL  
BETWEEN THE CIVIL SERVICE SYSTEM  
AND THE ATOMIC ENERGY COMMISSION

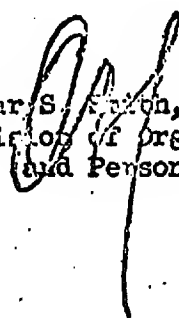
TO: All AEC Employees

You were recently notified of the agreement approved by the Atomic Energy Commission and the U. S. Civil Service Commission for the movement of personnel between the Civil Service system and the AEC merit system, effective June 9, 1957. Because of its interest, importance, and benefit to all AEC employees, the full text of the agreement is being distributed by means of an attachment to this memorandum.

This agreement will broaden the career opportunities for Federal employees, and make it easier for them to move between the competitive Civil Service and the AEC merit system. Specifically for AEC employees it will mean they can transfer to positions in the Civil Service system and acquire competitive status on a non-competitive basis under the conditions of the agreement. At the same time, this mobility will make employment under the AEC merit system even more attractive -- a fact you should point out in discussing advantages of AEC employment with persons who may be interested. The basic framework of AEC's independent merit system, of course, remains unchanged.

Any questions you may have concerning the provisions of the agreement should be discussed with your personnel office.

Attachment

  
Oscar S. Brown, Director  
Division of Organization  
and Personnel

Approved for Release: 2017/10/30 C02266247  
AGREEMENT FOR THE MOVEMENT OF PERSONNEL  
BETWEEN THE CIVIL SERVICE SYSTEM AND  
THE ATOMIC ENERGY COMMISSION

In accordance with the authority provided in Section 06.7 of the Civil Service Rules, employees serving in positions in the Atomic Energy Commission may be appointed to positions in the competitive civil service and employees serving in positions in the competitive civil service may be appointed to positions in the Atomic Energy Commission, subject to the following conditions:

1. Type of appointment held before movement.

Employees of the Atomic Energy Commission must be serving in continuing positions under AEC regular appointments (excepted) or AEC regular appointments (excepted) (conditional). Employees in the competitive civil service must be serving in continuing positions under career-conditional or career appointments.

2. Qualification requirements

Employees of the Atomic Energy Commission must meet the qualification standards and requirements for the position to which they are to be appointed in accordance with the instructions in Section 10 of Chapter X-1 of the Federal Personnel Manual for transfer of employees within the competitive civil service. Employees in the competitive service must meet the regular standards and requirements established by the Atomic Energy Commission for appointment to the position.

3. Length of service requirement

Employees of the Atomic Energy Commission must have served continuously for at least one year <sup>1/</sup> in the Atomic Energy Commission before they may be appointed to positions in the competitive civil service under the authority of this agreement. Employees in the competitive civil service must have completed the one-year probational periods required in connection with their career-conditional or career appointments in the competitive service before they may be appointed to positions in the Atomic Energy Commission under the authority of this agreement.

4. Selection:

Employees of the Atomic Energy Commission may be considered for appointment at the discretion of an appointing officer for positions in the competitive civil service in the same manner that employees of the competitive service may be considered for transfer to such positions. Employees in the competitive service may be considered for appointment to a position in the Atomic Energy Commission on the basis of their

1/ This one year must be immediately preceding the transfer.

- 2 -

qualifications for the positions to be filled without regard to the order of selection within qualification categories provided for in the special plan approved by the Civil Service Commission for the Atomic Energy Commission under Section 21.11 (c) of the Civil Service Regulations.

5. Type of appointment granted after movement

Employees of the Atomic Energy Commission who are appointed to competitive positions under the terms of this agreement will have career or career-conditional appointments, depending upon whether they meet the three-year service requirement for career tenure. The principles on pages C4-42 et. seq. of the Federal Personnel Manual will apply, except that service which commences with an AEC regular appointment (excepted) or an AEC regular appointment (excepted) (conditional) will be acceptable toward meeting the service requirement. Employees of the competitive civil service who are appointed to positions in the Atomic Energy Commission under the terms of this agreement will receive AEC regular (excepted) appointments or AEC regular (excepted) (conditional) appointments, depending upon the length of service requirement established by the Atomic Energy Commission for such appointments.

6. Probationary and trial periods

Employees who are appointed under this agreement will not be required to serve new probationary or trial periods.

7. Status

Atomic Energy Commission employees who are appointed in the competitive civil service under the terms of this agreement will receive competitive civil service status. Thereafter, such employees will be entitled to the benefits and privileges provided by the Civil Service Commission's rules, regulations and instructions for persons having a competitive civil service status. Employees of the competitive civil service who are appointed by the AEC under the terms of this agreement will have whatever privileges are normally provided by the AEC to persons who initially receive AEC regular (excepted) or AEC regular (excepted) (conditional) appointments in that agency.

8. Effective date

This agreement shall become effective thirty days from the date on which it is approved.

5 February 1965

C/PRD MEMORANDUM FOR: Professional Recruiters (FY 65-32)  
SUBJECT : Out Placement Function Transferred  
to PRD

1. The Agency's Out Placement function was made my responsibility on 2 February 1965. The Out Placement Branch (OPB/POD), with Frank Johns now serving as Chief, OPB/PRD, will report directly to C/PRD.

2. With the imminent and continuing heavy impact of the accelerated retirement program generated by enactment of the Agency's Early Retirement legislation, I will be involving myself largely in the retiree-placement program as distinguished from the other out-placement actions which Frank Johns' branch will continue to handle.

3. The Director of Personnel will designate a Deputy for Retirement Placement to assist me, but he will not function in the command line to OPB/PRD.

4. I am asking Arnold Dammen to divorce himself completely from Recruitment in order to serve as my Special Assistant for Retirement Placement Research. His research will be undertaken immediately with the view to readying and keeping current a Continuing Employment Prospectus for every possible field of endeavor in which we might logically be seeking to place Agency retirees (Education, Alumni Activities, Professional Societies and Associations, State and Local Government, Trade Associations, Domestic and Foreign Commerce and Industry, Foundations, Real Estate, Banking, Securities, et cetera). While his studies will focus on opportunities for the retiree age group, they obviously will serve the entire out-placement service.

5. Effective 15 February 1965, J. Byron Crosman is designated Deputy for Recruitment. He will have no placement responsibilities, no function in the command line to WRO.

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Group 1  
Excluded from auto-  
matic downgrading  
and declassification

**SUBJECT: Out Placement Function Transferred to PRD**

6. Organizationally, you will have two immediate supervisors: for their separate and independent functions, my Deputy for Recruitment and my Deputy for Retirement Placement. Obviously, the latter responsibility has been lodged with me because the PRD field establishment comprises a staff of Personnel Representatives ideally situated and individually qualified to manage effectively the field facet of this task, which, purely and simply, is the whole job--each man in his own territory working his way into the corporate and other hierarchal levels, at which the decision to employ is made, of his total territorial community and its non-public, quasi-public, and public sectors.

7. Your added assignment, therefore, for all practicable purposes will be the placement of the retiree in the city of his choice. Be counting and courting your community assets as they peak up in this new context. You will find this added mission to your portfolio a challenging and rewarding responsibility. I do. Furthermore, I am certain you can see in this added workload a greater amount of security and stability, respectively, as regards the recruiter in the job and his territory remaining within reasonable perimeters. Guidance will follow. What you hear now is Planning.

  
Rex E. Greaves

(b)(6)

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18 March 1965

C/PRD MEMORANDUM FOR: All Recruiters (FY 65-44)

SUBJECT : Organization

1. As you have probably noticed, we have been going through the thrice of nomenclaturitis, but we have settled on the following:

a. Internally, the Division will be known as the Personnel Recruitment and Retiree Placement Division (PRRPD). This is such a mouthful, however, that the Chief will function externally, and to some extent internally, as Chief, Personnel Recruitment Division and Chief, Retiree Placement Services.

b. Recruitment will be constituted as a Branch under J. Byron Crosman as Field Recruitment Branch (FRB).

c. The Washington Recruitment Branch (WRO) will remain under Bill Saverance.

d. Frank Johns' old Out Placement Branch will be designated Employment Referral Branch (ERB). 2711 Q4EYE x3295

e. The retiree placement activity will function as the Retiree Placement Counseling Staff (RPCS).

2. The rendering of Fitness Reports for Field Recruiters will be the responsibility of Mr. Crosman and myself, as the command line. RPCS, however, will have a direct liaison channel, as will ERB, to all Field Recruiters.

3. I see no complications that should arise from this arrangement. I already have started a separate series of C/RPS memoranda for instruction, guidance, and requests for your assistance in the placement field. Some of you already have started to feed me good ideas on the placement of retirees and younger resignees. Please keep this material coming my way. We never know where the next good idea is going to be generated in this field. It is a bouncy business and we are going to have our ups and downs, but we are learning that our retirees are "marketable" at almost any age if we hit the right combination.

(b)(6)

Rex E. Greaves

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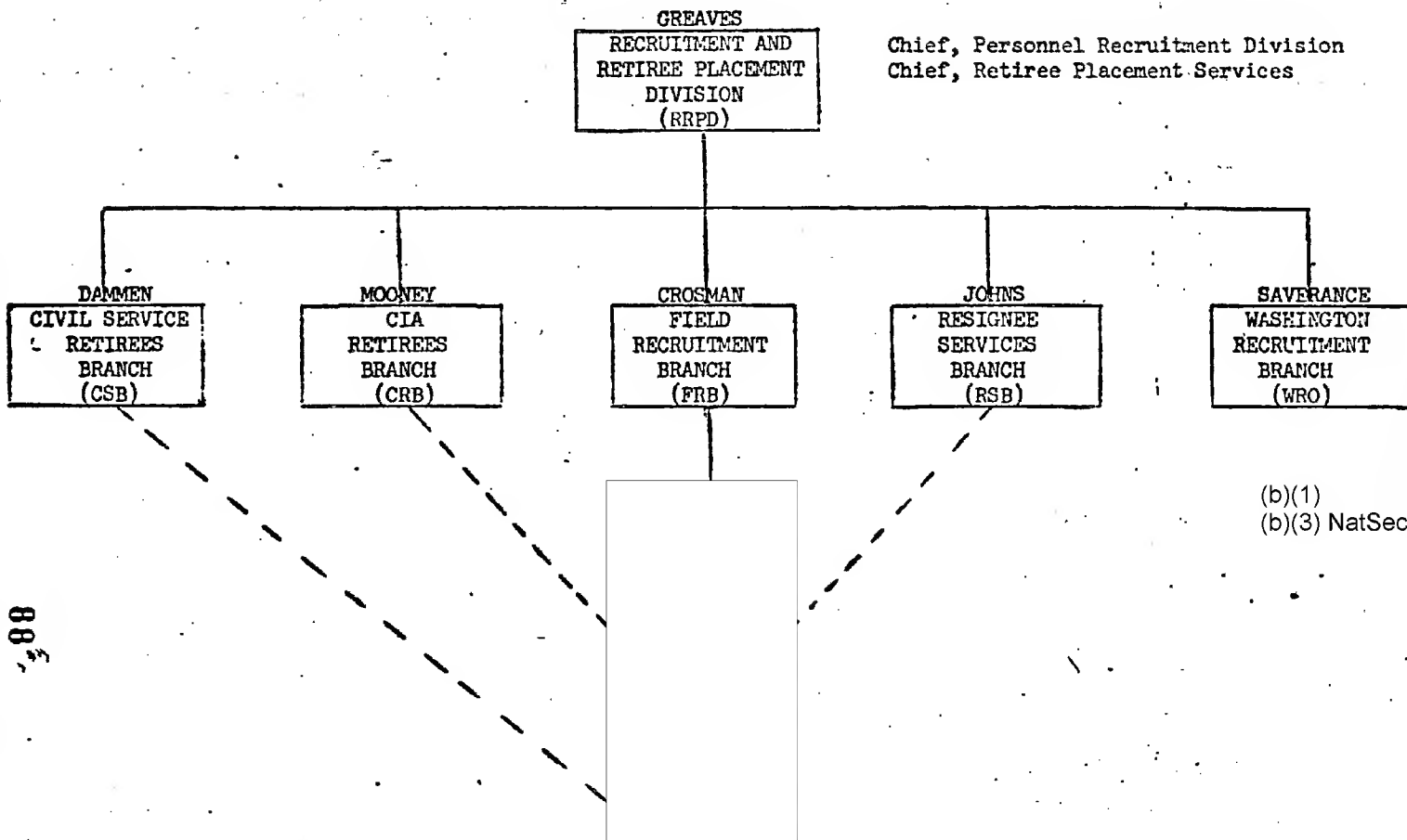
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Approved for Release: 2017/10/30 C02266247

Group 1  
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and declassification

~~CONFIDENTIAL~~

10 March 1965

(b)(1)  
(b)(3) NatSecAct~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

August 1965

SB-29

# SUPPORT BULLETIN

FOR INFORMATION OF HEADQUARTERS  
AND FIELD PERSONNEL

~~CONFIDENTIAL~~

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GROUP 1  
Excluded from automatic  
downgrading and  
declassification

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SB-29

*Crosspatch.* A Freudian analysis of old Crosspatch might reveal that as a small boy he was tyrannized by an older sister, or maybe his wife gives him a hard time. At any rate, he likes to take out his resentment on the poor secretary. He blames her for the incorrect address which he rattled off. He doesn't accept responsibility for his own poor grammar and sentence structure, gripes about the punctuation although his old-fashioned rules went out twenty years ago, and makes heavy handed corrections in ink on smooth copy and thus precludes an erasure.

The Crosspatch dictator should remember that this business of dictation is a team job and as captain of the team he should:

- Encourage his teammate to ask questions.
- Explain the nature of the project to her; don't expect her to do the job in the dark.
- Compliment her for a job well done. She appreciates encouragement. Let her know that you are grateful for her efforts.

## READY TO RETIRE?

One of the more obvious observations to be made about early retirement is that the mid-career mark of the employees affected is moved in as much as ten years closer.

The Career Services and components concerned with the shortened service span of employees are certain to be changing their career management concepts. The careerist himself, now in or nearing the zone of early retirement, cannot help viewing his new status with scrambled emotions. Overnight, he has caught the first glimpse of his career's fading light—and he hadn't exactly planned it that way.

It is a good question whether one is really ever *ready* to retire. For most, our work has a certain sentimental appeal that leaves one emotionally unprepared, even though economically equipped. On the other hand, if one is unprepared economically, the emotional adjustment can involve more than nostalgia.

The rare individual who is both economically set and emotionally reconciled to retire gracefully, and stay retired, needs no sympathy from us. Our sympathy is reserved for the retiree who can go it alone economically but has no place to go, or lacks the will to go, or both. In still a third category, however, by these yardsticks, is the retiree whose economic situation is such that sympathy will not close the gap between his retirement income and the ongoing cost of living. Rather than sympathy, this retiree needs a second career. Early retirement, in the old-fashioned, grandchildren-around-the-rocking chair sense, makes no economic sense whatsoever, no matter how much he may wish it did.

With the second-career retiree uppermost in mind, headquarters is strengthening its Office of Personnel out-placement program to help bridge the distance between Organization retirement and continuing employment after retirement.

Research is being undertaken to determine and keep current the employment opportunities available to Organization retirees in all of the non-public, quasi-public, and public sectors of American society. Both domestic and foreign employment possibilities will be continuously studied and sought out for our retirees whose skills and talents fill the bill, or can be sharpened sufficiently by retraining to make them truly competitive.

These studies are progressing with the confidence our retirees possess basic qualifications readily marketable in the mainstream of American life, or which can be made marketable by reinforcement through refresher training or education. As these markets are identified, our retirees will recognize, of course, the type and amount of self-help they

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must contribute in their own behalf, whether in the form of reading, home study, or formal schooling or training.

Self-help, certainly, is the secret of success of any retiree's finding suitable, satisfying employment to call his second career. Headquarters can help by pointing out the possibilities and making the first "pitch" by way of a solid recommendation, but the individual must sell himself, or herself.

Ideally, the future early retiree will be aware of his retirement date sufficiently in advance (three to five years) to let him arrive at that destination with a clear picture of his next career—assuming he has prepared intelligently for it in the meantime.

Headquarters is exploring the mechanics of such on-the-job and off-the-job assistance as it can legally contribute to whatever preparation the individual is making personally. It would be premature to suggest here what this assistance may amount to in any individual case, but, importantly, it is being examined in an environment of enlightened personnel management.

Regional representatives of the Director of Personnel, for retiree-placement activities, already are established in several major cities throughout the United States. This has come about by the merging of the Organization's expanded Out-Placement function with its existing Personnel Recruitment function—providing a staff of senior, experienced, professional recruiters whose local and area contacts have long been employed to pave the path for deserving employees seeking a change of job scenery. The recruiters' efforts in this area will now be formally recognized and incorporated on an equal footing with their recruitment responsibilities. While their retiree-placement duties will not demand equal time with their regular recruiting schedules, these new duties will call for considerable updating of job possibilities in the recruiter's territory and the cultivation of new corporate and other community friendships to which the recruiter can turn in seeking to assist the retiree to resettle in the city of his choice.

Moreover, a roster of employers whose executive officials are favorably known by Organization officials will be maintained as the repository of prime lead sources to whom the latter can turn in recommending a fellow employee.

The Office of Personnel will continue to provide counselling insofar as accurately projecting what an employee's retirement income will be, and calculating the revised costs of health and life insurance plans he means to continue. Armed with these data, three or four years before the fact, desirably, the employee contemplating a post-retirement second career should check out his credentials and aspirations with Chief, Personnel Recruitment Division. PRD will have in readiness a "Prospectus for Continuing Employment in Secondary and Higher Education," merely as one example—but documented, state by state, as to teacher certification requirements, starting salaries, fields in which a particular state is experiencing teacher or administrative shortages (as opposed to the teaching fields in which overcrowding may be predicted), et cetera.

As to other fields in which you would like to see a prospectus, you name them and PRD will perform the research, and provide the contacts. Here again, you will want to get your feelers out well in advance of retirement.

The field of education is cited advisedly because many of our careerists can qualify in this area after a minimum of refresher training. Further, for the long-range planners, the retirement age in most States is 70.

Other logical fields in which a separate prospectus will be prepared and maintained up-to-the-minute include banking, trade associations, professional societies and associations, alumni activities, State and local government, real estate, securities, foundations, and franchising.

Additionally we eventually hope to have influential ties with American business concerns and industries, both those which operate

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domestically and those which do business or have investments abroad.

We mean to throw out a very wide net—especially since learning of a museum seeking an administrative officer, a firm seeking an administrative officer, a firm seeking an Organization-experienced officer to be its assistant to the president, and a large concern operating abroad which aims to fill one of its positions with an Organization man of executive caliber.

But getting back to the business of self-help, a retired Army officer now teaching college math has this to say: "I was one of eleven retired officers studying at Duke University for a Masters degree in teaching math. Toward the end of the course we all looked for a job in a field where vacancies are plentiful. We all sent out resumes and we all visited various colleges. *No one* found a job by mailing resumes. *All* of us found jobs in the colleges we visited. While I think good resumes are important, there is nothing like personal contact with prospective employers."

Another retired officer stated, "Resumes are over-rated. I sent out 50. Received answers, but no positive leads." A third retired officer offered this advice: "Take any job in a field you know the most about. If you have what it takes to advance, you'll do so; but don't try to start at the top. Personal contacts can be *good* or *bad*. Be sure the person you know thinks highly of you."

In a world in which life reputedly begins at 40, the inner world of the early retiree is one in which his first career can end a few years later. By this reckoning, give or take a year, the time to start *thinking* seriously about a second career would be at age 45. Many of today's 20-year military retirees, both employed and unemployed, insist that a better time to be planning a second career would be at the very outset of one's first career. We buy this provided it isn't overdone—as in the case of the employee who, when asked when he started working for his present company, replied, "The day they threatened to fire me."

## PROGRAM EVALUATION AND REVIEW TECHNIQUE (PERT)

PERT was specifically designed in the mid-50's to expedite the Polaris missile system and has been credited with having cut two years off its development timetable.

Defense and industry got their first look at PERT when Navy's Special Projects turned out a Polaris firing nuclear submarine years ahead of schedule using a topnotch management staff and this dynamic management concept.

PERT was developed by the Navy for its Polaris program to provide a fast, computerized management tool to aid in the planning and evaluation of progress in the development of the weapon system.

PERT is a management tool. It provides the manager a useful, systematic method of planning, scheduling, and monitoring his project or task. PERT does not do this automatically, nor does it guarantee that a project will achieve its objectives within cost and schedule goals. However, it does provide a discipline that significantly aids identification and correlation of all project elements, thus reducing the possibility of overrun or slippage due to oversight. The PERT system is characterized by simplicity, flexibility, and predictability. It may be applied to a wide variety of projects ranging from short duration, low-cost tasks to large, complex development programs spanning several years in time and involving many contributors. It assists materially in managing effort applied toward project objectives. The impact of current status on future plans is also reported, thus providing the manager with the capability for anticipating future problems in time to take corrective action.

Even though PERT is looked upon by some as just another management gimmick, it is the only system that provides managers with instant information in the achievement of current objectives. It is the only system which allows the manager to see what effect

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ent, which I believe is likely to be incorporated in some fraction of our inventory in the future.

Whatever happened to the airplane? It has grown in importance in our general-purpose forces. What will happen? That depends largely on how good a job you do in making aircraft more reliable, economical, and effective.

# CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT OF 1964 FOR CERTAIN EMPLOYEES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1526, H.R. 8427.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 8427) to provide for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services, with an amendment, to strike out all after the enacting clause and insert:

## TITLE I—TITLE AND DEFINITIONS

### Part A—Title

SEC. 101. This Act may be cited as the "Central Intelligence Agency Retirement Act of 1964 for Certain Employees".

### Part B—Definitions

SEC. 111. When used in this Act, the term—

- (1) "Agency" means the Central Intelligence Agency;
- (2) "Director" means the Director of Central Intelligence; and
- (3) "Qualifying service" means service performed as a participant in the system or, in the case of service prior to designation, service determined by the Director to have been performed in carrying out duties described in section 203.

## TITLE II—THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

### Part A—Establishment of system

#### Rules and Regulations

SEC. 201. (a) The Director may prescribe rules and regulations for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, referred to hereafter as the system; such rules and regulations to become effective after approval by the chairman and ranking minority members of the Armed Services Committees of the House and Senate.

(b) The Director shall administer the system in accordance with such rules and regulations and with the principles established by this Act.

(c) In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 102(d)(3) of the National Security Act of 1947 as amended (50 U.S.C. 403(d)(3)), that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, and notwithstanding the provisions of the Administrative Procedure Act (5 U.S.C. 1001 et seq.) or any other provisions of law, any determinations by the Director authorized by the provisions of this Act shall be deemed to be final

and conclusive and not subject to review by any court.

### Establishment and Maintenance of Fund

SEC. 202. There is hereby created a fund to be known as the Central Intelligence Agency Retirement and Disability Fund which shall be maintained by the Director. The Central Intelligence Agency Retirement and Disability Fund is referred to hereafter as the fund.

### Participants

SEC. 203. The Director may designate from time to time such Agency officers and employees whose duties are determined by the Director to be (1) in support of Agency activities abroad hazardous to life or health or (2) so specialized because of security requirements as to be clearly distinguishable from normal government employment, hereafter referred to as participants, who shall be entitled to the benefits of the system. Any participant who has completed fifteen years of service with the Agency and whose career at that time is adjudged by the Director to be qualifying for the system may elect to remain a participant of such system for the duration of his employment by the Agency and such election shall not be subject to review or approval by the Director.

### Annuitants

SEC. 204. (a) Annuitants shall be participants who are receiving annuities from the fund and all persons, including surviving wives and husbands, widows, dependent widowers, children, and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this Act.

(b) When used in this Act the term—

- (1) "Widow" means the surviving wife of a participant who was married to such participant for at least two years immediately preceding his death or is the mother of issue by marriage to the participant.
- (2) "Dependent widower" means the surviving husband of a participant who was married to such participant for at least two years immediately preceding her death or is the father of issue by marriage to the participant, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.
- (3) "Child" for the purposes of sections 221 and 232 of this Act, means an unmarried child, including (i) an adopted child, and (ii) a stepchild or recognized natural child who received more than one-half of his support from and lived with the participant in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support or such unmarried child between eighteen and twenty-one years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child whose twenty-first birthday occurs prior to July 1 or after August 31 of any calendar year, and while he is regularly pursuing such a course of study or training, shall be deemed for the purposes of this paragraph and section 221(c) of this Act to have attained the age of twenty-one on the first day of July following such birthday. A child who is a student shall not be deemed to have ceased to be a student during any interim between school years if the interim does not exceed four months and if he shows to the satisfaction of the Director that he has a bona fide intention of continuing to pursue a course of study or training in the same or different school during the school semester (or other period) into which the

school year is divided) immediately following the interim.

### Part B—Compulsory contributions

SEC. 211. (a) Six and one-half per centum of the basic salary received by each participant shall be contributed to the fund for the payment of annuities, cash benefits, refunds and allowances. An equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary. The amounts deducted and withheld from basic salary together with the amounts so contributed from the appropriation or fund shall be deposited by the Agency to the credit of the fund.

(b) Each participant shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary.

### Part C—Computation of annuities

SEC. 221. (a) The annuity of a participant shall be equal to 2 per centum of his average basic salary for the highest five consecutive years of service, for which full contributions have been made to the fund, multiplied by the number of years, not exceeding thirty-five, of service credit obtained in accordance with the provisions of sections 231 and 232. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.

(b) At the time of retirement, any married participant may elect to receive a reduced annuity and to provide for an annuity payable to his wife or her husband, commencing on the date following such participant's death and terminating upon the death or remarriage of such surviving wife or husband. The annuity payable to the surviving wife or husband after such participant's death shall be 55 per centum of the amount of the participant's annuity computed as prescribed in paragraph (a) of this section, up to the full amount of such annuity specified by him as the base for the survivor benefits. The annuity of the participant making such election shall be reduced by 2½ per centum of any amount up to \$3,600 he specified as the base for the survivor benefit plus 10 per centum of any amount over \$3,600 so specified.

(c) (i) If an annuitant dies and is survived by a wife or husband and by a child or children, in addition to the annuity payable to the surviving wife or husband, there shall be paid to or on behalf of each child an annuity equal to the smallest of: (i) 40 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$600; or (iii) \$1,000 divided by the number of children.

(2) If an annuitant dies and is not survived by a wife or husband but by a child or children, each surviving child shall be paid an annuity equal to the smallest of (i) 50 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$720; or (iii) \$2,100 divided by the number of children.

(d) If a surviving wife or husband dies or the annuity of a child is terminated, the annuities of any remaining children shall be recomputed and paid as though such wife, husband, or child had not survived the participant.

(e) The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the day after the participant dies, and such annuity or any right thereto shall

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terminate on the last day of the month before (1) his attaining age eighteen unless incapable of self-support, (2) his becoming capable of self-support after age eighteen, (3) his marriage, or (4) his death, except that the annuity of a child who is a student as described in section 201(h)(3) of this Act shall terminate on the last day of the month before (1) his marriage, (2) his death, (3) his ceasing to be such a student, or (4) his attaining age twenty-one.

(f) Any unmarried participant retiring under the provisions of this Act and found by the Director to be in good health may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest (as that term is used in section 9(h) of the Civil Service Retirement Act (5 U.S.C. 2239(h))) in the participant to receive an annuity after the participant's death. The annuity payable to the participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section, and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the participant, but such total reduction shall not exceed 40 per centum. The annuity of a survivor designated under this paragraph shall be 55 per centum of the reduced annuity computed as prescribed above. The annuity payable to a beneficiary under the provisions of this paragraph shall begin on the first day of the next month after the participant dies. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments authorized under this paragraph shall be due or payable.

*Part D—Benefits accruing to certain participants*

**Retirement for Disability or Incapacity—  
Medical Examination—Recovery**

Sec. 231. (a) Any participant who has five years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with provisions of section 251 or 252(a)(2), and who becomes totally disabled or incapacitated for useful and efficient service by reason of disease, illness, or injury not due to vicious habits, intemperance, or willful misconduct on his part, shall, upon his own application or upon order of the Director, be retired on an annuity computed as prescribed in section 231. If the disabled or incapacitated participant is under sixty and has less than twenty years of service credit toward his retirement under the system at the time he is retired, his annuity shall be computed on the assumption that he has had twenty years of service, but the additional service credit that may accrue to a participant under this provision shall in no case exceed the difference between his age at the time of retirement and age sixty, but this provision shall not increase the annuity of any survivor.

(b) In each case, the participant shall be given a medical examination by one or more duly qualified physicians or surgeons designated by the Director to conduct examinations, and disability shall be determined by the Director on the basis of the advice of such physicians or surgeons. Unless the disability is permanent, like examinations shall be made annually until the annuitant has reached the statutory mandatory retirement age for his grade as provided in section 233. If the Director determines on the basis of the advice of one or more duly qualified physicians or surgeons conducting such examinations that an annuitant has recovered to the extent that he can return to duty, the annuitant may apply for reinstatement or reappointment in the Agency within one

year from the date his recovery is determined. Upon application the Director may reinstate any such recovered disability annuitant in the grade in which he was serving at time of retirement, or the Director may, taking into consideration the age, qualifications, and experience of such annuitant, and the present grade of his contemporaries in the Agency, appoint him to a grade higher than the one in which he was serving prior to retirement. Payment of the annuity shall continue until a date six months after the date of the examination showing recovery or until the date of reinstatement or reappointment in the Agency, whichever is earlier. Fees for examinations under this provision, together with reasonable traveling and other expenses incurred in order to submit to examination, shall be paid out of the fund. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

(c) If a recovered disability annuitant whose annuity is discontinued is for any reason not reinstated or reappointed in the Agency, he shall be considered to have been separated within the meaning of paragraphs (a) and (b) of section 231 as of the date he was retired for disability and he shall, after the discontinuance of the disability annuity, be entitled to the benefits of that section or of section 241(a) except that he may elect voluntary retirement in accordance with the provisions of section 233 if he can qualify under its provisions.

(d) No participant shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1910, as amended (5 U.S.C. 751 et seq.), covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision of the said Act of September 7, 1910, as amended, shall be so construed as to deny the right of any participant to receive an annuity under this Act by reason of his own services and to receive concurrently any payment under such Act of September 7, 1910, as amended, by reason of the death of any other person.

(e) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Federal Employees' Compensation Act of September 7, 1910, as amended (5 U.S.C. 764), except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Secretary of Labor, shall be refunded to the Department of Labor, to be paid into the Federal employees' compensation fund. Before such person shall receive such annuity he shall (1) refund to the Department of Labor the amount representing such commuted payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Secretary of Labor shall determine, whenever he finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

**Death in Service**

Sec. 232. (a) In case a participant dies and no claim for annuity is payable under the provisions of this Act, his contribution to the fund, with interest at the rates prescribed in sections 211(a) and 231(a), shall be paid in the order of precedence shown in section 211(b).

(b) If a participant, who has at least five years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252(a)(2), dies before separation or retirement from the Agency and is survived by a widow or a dependent widower, as defined in section 261, such widow or dependent widower shall be entitled to an annuity equal to 55 per centum of the annuity computed in accordance with the provisions of section 231(a). The annuity of such widow or dependent widower shall commence on the date following death of the participant and shall terminate upon death or remarriage of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

(c) If a participant who has at least five years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252(a)(2), dies before separation or retirement from the Agency and is survived by a wife or a husband and a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 231(a)(1). The child's annuity shall begin and be terminated in accordance with the provisions of section 231(c). Upon the death of the surviving wife or husband or termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though such wife or husband or child had not survived the participant.

(d) If a participant who has at least five years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252(a)(2), dies before separation or retirement from the Agency and is not survived by a wife or husband, but by a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 231(c)(2). The child's annuity shall begin and terminate in accordance with the provisions of section 231(c). Upon termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though that child had never been entitled to the benefit.

**Voluntary Retirement**

Sec. 233. Any participant in the system who is at least fifty years of age and has rendered twenty years of service may on his own application and with the consent of the Director be retired from the Agency and receive benefits in accordance with the provisions of section 231 provided he has not less than ten years of service with the Agency of which at least five shall have been qualifying service.

**Discontinued Service Benefits**

Sec. 234. (a) Any participant who separates from the Agency after having performed not less than five years of service with the Agency, may, upon separation from the Agency or at any time prior to becoming eligible for an annuity, elect to have his contributions to the fund returned to him in accordance with the provisions of section 241, or (except in cases where the Director determines that separation was based in whole or in part on the ground of disloyalty to the United States) to leave his



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contributions in the fund and receive an annuity, computed as provided in section 221, commencing at the age of sixty-two years.

(b) If a participant who has qualified in accordance with the provisions of paragraph (a) of this section to receive a deferred annuity commencing at the age of sixty-two dies before reaching the age of sixty-two his contributions to the fund, with interest, shall be paid in accordance with the provisions of sections 231 and 281.

#### Mandatory Retirement

Sec. 235. (a) The Director may in his discretion place in a retired status any participant who has completed at least twenty-five years of service, or who is at least fifty years of age and has completed at least twenty years of service, provided such participant has not less than ten years of service with the Agency of which at least five shall have been qualifying service. If so retired, such participant shall receive retirement benefits in accordance with the provisions of section 221.

(b) Any participant in the system receiving compensation at the rate of grade GS-18 or above shall be automatically separated from the Agency upon reaching the age of sixty-five. Any participant in the system receiving compensation at a rate less than grade GS-18 shall be automatically separated from the Agency upon reaching the age of sixty. Such separation shall be effective on the last day of the month in which a participant reaches age sixty or sixty-five, as specified in this section, but whenever the Director shall determine it to be in the public interest, he may extend such participant's service for a period not to exceed five years. A participant separated under the provisions of this section who has completed five years of Agency service shall receive retirement benefits in accordance with the provisions of section 221 of this Act.

#### Limitation on Number of Retirements

Sec. 236. The number of participants retiring on an annuity pursuant to sections 233, 244, and 255 of this Act shall not exceed a total of four hundred during the period ending on June 30, 1969, nor a total of four hundred during the period beginning on July 1, 1969, and ending on June 30, 1974.

#### Part E—Disposition of contributions and interest in excess of benefits received

Sec. 241. (a) Whenever a participant becomes separated from the Agency without becoming eligible for an annuity or a deferred annuity in accordance with the provisions of this Act, the total amount of contributions from his salary with interest thereon at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually to December 31, 1956 (or, in the case of a participant separated from the Agency before he has completed five years of service, to the date of separation) and proportionately for the period served during the year of separation including all contributions made during or for such period, except as provided in section 281, shall be returned to him.

(b) In the event that the total contributions of a retired participant, other than voluntary contributions made in accordance with the provisions of section 281, with interest at the rates provided in paragraph (a) of this section added thereto, exceed the total amount returned to such participant or to an annuitant claiming through him, in the form of annuities, the excess of the accumulated contributions over the accumulated annuity payments shall be paid in the following order of precedence, upon the establishment of a valid claim therefor, and such payment shall be a bar to recovery by any other person:

(1) To the beneficiary or beneficiaries designated by such participant in writing to the Director;

(2) If there be no such beneficiary to the surviving wife or husband of such participant;

(3) If none of the above, to the child or children of such participant and descendants of deceased children by representation;

(4) If none of the above, to the parents of such participant or the survivor of them;

(5) If none of the above, to the duly appointed executor or administrator of the estate of such participant;

(6) If none of the above, to other next of kin of such participant as may be determined by the Director in his judgment to be legally entitled thereto.

(c) No payment shall be made pursuant to paragraph (b) (6) of this section until after the expiration of thirty days from the death of the retired participant or his surviving annuitant.

#### Part F—Period of service for annuities Computation of Length of Service

Sec. 251. For the purpose of this Act, the period of service of a participant shall be computed from the date he becomes a participant under the provisions of this Act, but all periods of separation from the Agency and so much of any leaves of absence without pay as may exceed six months in the aggregate in any calendar year shall be excluded, except leaves of absence while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended (5 U.S.C. 751 et seq.), and leaves of absence granted participants while performing active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.

#### Prior Service Credit

Sec. 253. (a) A participant may, subject to the provisions of this section, include in his period of service—

(1) civilian service in the executive, judicial, and legislative branches of the Federal Government and in the District of Columbia government, prior to becoming a participant; and

(2) active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States prior to the date of the separation upon which title to annuity is based.

(b) A participant may obtain prior civilian service credit in accordance with the provisions of paragraph (a) (1) of this section by making a special contribution to the fund equal to the percentage of his basic annual salary for each year of service for which credit is sought specified with respect to such year in the table relating to employees contained in section 4(e) of the Civil Service Retirement Act (5 U.S.C. 2254(e)), together with interest computed as provided in section 4(e) of such Act (5 U.S.C. 2254(e)). Any such participant may, under such conditions as may be determined in each instance by the Director, pay such special contributions in installments.

(c) (1) If an officer or employee under some other Government retirement system becomes a participant in the system by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the fund effective as of the date such officer or employee becomes a participant in the system. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the system.

(2) No participant, whose contributions are transferred to the fund in accordance with the provisions of paragraph (c) (1) of this section, shall be required to make con-

tributions in addition to those transferred for periods of service for which full contributions were made to the other Government retirement fund, nor shall any refund be made to any such participant on account of contributions made during any period to the other Government retirement fund at a higher rate than that fixed for employees by section 4(e) of the Civil Service Retirement Act (5 U.S.C. 2254(e)) for contributions to the fund.

(3) No participant, whose contributions are transferred to the fund in accordance with the provisions of paragraph (c) (1) of this section, shall receive credit for periods of service for which a refund of contributions has been made, or for which no contributions were made to the other Government retirement fund. A participant may, however, obtain credit for such prior service by making a special contribution to the fund in accordance with the provisions of paragraph (b) of this section.

(d) No participant may obtain prior civilian service credit toward retirement under the system for any period of civilian service on the basis of which he is receiving or will in the future be entitled to receive any annuity under another retirement system covering civilian personnel of the Government.

(e) A participant may obtain prior military or naval service credit in accordance with the provisions of paragraph (a) (2) of this section by applying for it to the Director prior to retirement or separation from the Agency. However, in the case of a participant who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of a participant who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in line of duty during a period of war (as that term is used in chapter 11 of title 38, United States Code), or is awarded under chapter 67 of title 19 of the United States Code, the period of such military or naval service shall be included. No contributions to the fund shall be required in connection with military or naval service credited to a participant in accordance with the provisions of paragraph (a) (2) of this section.

(f) Notwithstanding any other provision of this section or section 253 any military service (other than military service covered by military leave with pay) performed by a participant after December 1950 shall be excluded in determining the aggregate period of service upon which an annuity payable under this Act to such participant or to his widow or child is to be based, if such participant or widow or child is entitled (or would upon proper application be entitled) at the time of such determination, to monthly old-age or survivors' benefits under section 202 of the Social Security Act, as amended (42 U.S.C. 402), based on such participant's wages and self-employment income. If in the case of the participant or widow such military service is not excluded under the preceding sentence, but upon attaining age sixty-two, he or she becomes entitled (or would upon proper application be entitled) to such benefits, the aggregate period of service upon which such annuity is based shall be redetermined, effective as of the first day of the month in which he or she attains such age, so as to exclude such service.

#### Credit for Service While on Military Leave

Sec. 255. (a) A participant who, during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the military service shall not be considered, for the purpose of

this Act, as separated from his Agency position by reason of such military service, unless he shall apply for and receive a refund of contributions under this Act: *Provided*, That such participation shall not be considered as retaining his Agency position beyond December 31, 1956, or the expiration of five years of such military service, whichever is later.

(b) Contributions shall not be required covering periods of leave of absence from the Agency granted a participant while performing active military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.

#### Part G—Moneys

##### Estimate of Appropriations Needed

SEC. 261. The Director shall prepare the estimates of the annual appropriations required to be made to the fund, and shall cause to be made actuarial valuations of the fund at intervals of five years, or oftener if deemed necessary by him.

##### Investment of Moneys in the Fund

SEC. 262. The Director may, with the approval of the Secretary of the Treasury, invest from time to time in interest-bearing securities of the United States such portions of the fund as in his judgment may not be immediately required for the payment of annuities, cash benefits, refunds, and allowances, and the income derived from such investments shall constitute a part of such fund.

##### Attachment of Moneys

SEC. 263. None of the moneys mentioned in this Act shall be assignable either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process.

#### Part H—Retired participants recalled, reinstated, or reappointed in the Agency, or reemployed in the Government

##### Recall

SEC. 271. (a) The Director may, with the consent of any retired participant, recall such participant to duty in the Agency whenever he shall determine such recall is in the public interest.

(b) Any such participant recalled to duty in the Agency in accordance with the provisions of paragraph (a) of this section or reinstated or reappointed in accordance with the provisions of section 231(b) shall, while so serving, be entitled in lieu of his annuity to the full salary of the grade in which he is serving. During such service, he shall make contributions to the fund in accordance with the provisions of section 211. When he reverts to his retired status, his annuity shall be determined anew in accordance with the provisions of section 221.

##### Reemployment

SEC. 272. Notwithstanding any other provision of law, a participant retired under the provisions of this Act shall not, by reason of his retired status, be barred from employment in Federal Government service in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

##### Reemployment Compensation

SEC. 273. (a) Notwithstanding any other provision of law, any annuitant who has retired under this Act and who is employed in the Federal Government service in any appointive position either on a part-time or full-time basis shall be entitled to receive his annuity payable under this Act, but there shall be deducted from his salary a sum equal to the annuity allocable to the period of actual employment.

(b) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed annuitant, or from any other moneys, in-

cluding his annuity, payable in accordance with the provisions of this Act.

#### Part I—Voluntary contributions

SEC. 281. (a) Any participant may, at his option and under such regulations as may be prescribed by the Director, deposit additional sums in multiples of 1 per centum of his basic salary, but not in excess of 10 per centum of such salary, which amounts together with interest at 3 per centum per annum, compounded annually as of December 31, and proportionately for the period served during the year of his retirement, including all contributions made during or for such period, shall, at the date of his retirement and at his election, be—

(1) returned to him in a lump sum;

(2) used to purchase an additional life annuity;

(3) used to purchase an additional life annuity for himself and to provide for a cash payment on his death to a beneficiary whose name shall be notified in writing to the Director by the participant; or

(4) used to purchase an additional life annuity for himself and a life annuity commencing on his death payable to a beneficiary whose name shall be notified in writing to the Director by the participant with a guaranteed return to the beneficiary or his legal representative of an amount equal to the cash payment referred to in subparagraph (3) above.

(b) The benefits provided by subparagraphs (2), (3), or (4), of paragraph (a) of this section shall be actuarially equivalent in value to the payment provided for by subparagraph (a) (1) of this section and shall be calculated upon such tables of mortality as may be from time to time prescribed for this purpose by the Director.

(c) In case a participant shall become separated from the Agency for any reason except retirement on an annuity, the amount of any additional deposits with interest at 3 per centum per annum, compounded as is provided in paragraph (a) of this section, made by him under the provisions of said paragraph (a) shall be refunded in the manner provided in section 241 for the return of contributions and interest in the case of death or separation from the Agency.

(d) Any benefits payable to a participant or to his beneficiary in respect to the additional deposits provided under this section shall be in addition to the benefits otherwise provided under this Act.

#### Part J—Cost-of-living adjustment of annuities

SEC. 291. (a) On the basis of determinations made by the Civil Service Commission pursuant to section 18 of the Civil Service Retirement Act, as amended, pertaining to per centum change in the price index, the following adjustments shall be made:

(1) Effective April 1, 1966, if the change in the price index from 1964 to 1965 shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2, 1965, shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

(2) Effective April 1 of any year other than 1966 after the price index change shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2 of the preceding year shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the funds as of the effective date of an increase, except as follows:

(1) Effective from the date of the first increase under this section, an annuity pay-

able from the fund to an annuitant's survivor (other than a child entitled under section 221(c)), which annuity commenced the day after the annuitant's death, shall be increased as provided in subsection (a) (1) (a) (2) if the commencing date of annuity to the annuitant was earlier than January of the year preceding the first increase.

(2) Effective from its commencing date an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221(c)), which annuity commences the day after the annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death.

(3) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 221(c), the items \$60, \$720, \$1,800, and \$2,100 appearing in section 221(c) shall be increased by the total per centum increase allowed and in force under this section and, in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 221(c) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death. Effective from the date of the first increase under this section, the provisions of this paragraph shall apply if such first increase were in effect with respect to computation of a child's annuitant under section 221(c) which commenced between January 2 of the year preceding the first increase and the effective date of the first increase.

(c) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

(d) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar.

Mr. STENNIS. Mr. President, the purpose of the proposed legislation is to provide an improved retirement system for certain employees of the Central Intelligence Agency.

I ask unanimous consent that I may yield to the Senator from Massachusetts [Mr. SALTONSTALL], one of those who worked on the bill, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SALTONSTALL. Mr. President as ranking minority member of the Committee on Armed Services, I would like to supplement the remarks of Senator STENNIS on H.R. 8427, which is aimed at improving the retirement system for a certain segment of the employees of the Central Intelligence Agency. I would like to emphasize the following points of this bill.

The purpose of this bill is to provide an improved retirement system only for those Central Intelligence Agency employees who are actually involved in supporting or conducting our U.S. intelligence operation abroad. These people are involved in activities which are hazardous to their life and health. As these people become older and move into their early fifties it is not possible, because of the rigorous conditions of service, for all of them to serve the further period of time necessary for them to qualify for immediate retirement under the normal civil service rules.



This bill, in effect, does three things. First, it permits these employees to be retired with an immediate annuity beginning at age 50 if they have completed 2 years service or, without regard to age, if they have completed 25 years of service. Second, it contains no financial penalty for retirement as is applicable to civil service retirement under age 60. Third, it provides that these employees or each year of creditable service will have their retired pay based on a flat 2 percent of their highest 5-year average salary as compared to the civil service provisions which provide for a lesser retirement multiplier for the first 10 years of service.

The Senate version of this bill has been recently tightened as compared to the House version. One of the principal committee amendments is the limitation which provides that not more than 400 persons may retire under this act between now and June 30, 1969 and not more than 400 over the following 5-year period. There are a number of other major amendments to this bill all of which are set forth in the committee report beginning on page 6.

This legislation was reported unanimously by the Senate Committee on Armed Services. The bill is essential in order to meet the retirement problem caused by the severe conditions of service for this small group of men who so ably serve their country throughout the world.

I join Senator STENNIS in urging its immediate adoption by the Senate.

Mr. President, I believe the purpose of the bill is an eminently fair one and is justified for the comparatively small number of employees for whom it provides these benefits.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. AIKEN. Does the retirement system for CIA employees employed in foreign countries apply to aliens as well as to citizens of the United States?

Mr. STENNIS. The bill contains two specific provisions on this point. First, it provides that the Director, in naming the employees to be covered under this system, shall designate only those determined by him to be in support of Agency activities abroad, and in duties hazardous to the life and health of the employee.

Mr. AIKEN. That means that the retirement could apply to aliens—foreigners?

Mr. STENNIS. No; it will apply only to U.S. citizens.

Mr. AIKEN. Only to U.S. citizens?

Mr. STENNIS. That is correct. The bill will cover only U.S. citizens.

Mr. AIKEN. When those people go on retirement am I correct in assuming that their names will be kept secret while they are employed?

Mr. STENNIS. No; there will be no secret list of those people after they are retired.

Mr. AIKEN. Very well.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. RUSSELL. This retirement system is largely patterned on the retirement system for foreign service personnel. It is not quite so liberal as the retirement system for foreign service personnel abroad. We made some parts of it conform to the civil service retirement system rather than the system for foreign service employees abroad; but, generally speaking, it is patterned upon the retirement system for foreign service employees overseas.

Mr. AIKEN. A very generous system. With that explanation and that understanding, I have no objection.

Mr. STENNIS. I think that summarizes the bill in large part. Generally speaking, this special system for a limited number of CIA employees is based upon the retirement system for Foreign Service employees abroad, except that it is not so broad and general, but is more limited.

Also, there is a limitation on the number that can be retired under this bill. Not more than 400 may be retired under this legislation during the period from the date of enactment to June 30, 1969. There is also a limitation of 400 during the next 5-year period from June 1, 1969, until June 30, 1974.

Mr. AIKEN. In determining the amount of retirement benefits, I presume that previous service in other agencies of the Government would be taken into consideration?

Mr. STENNIS. Yes; that would be a part of the compensation.

At the present time all employees of the Central Intelligence Agency are under the normal civil service provisions for retirement purposes. The need for this bill arises from the fact that because of the conditions of service, not all of the CIA employees who are supporting and conducting intelligence activities abroad can anticipate the period of employment required for retirement under the present civil service provisions. For this segment of CIA employees this bill creates a special retirement system which will make it possible for these employees to retire at an earlier age and with a less severe financial penalty than the present civil service system employees. It is expected that not more than 30 percent of the Agency employees would be covered under this new system. Not all of these, of course, would ever qualify for retired pay.

As we all know, the entire CIA operation is an intelligence effort. At this point, Mr. President, the question naturally arises as to how there can be a clear line of distinction between those employees who would be covered under this bill and those who would remain under the civil service system. The bill contains two specific provisions on this point. First, it provides that the Director, in naming the employees to be covered under this system, will designate only those determined by him to be in support of Agency activities abroad, and hazardous to the life and health of the employee, or only those whose duties are so specialized,

because of security requirements, to be clearly distinguishable from normal Government employment. Second, there is a specific limitation, not in the House version, which provides that except for disability retirements, not more than 400 employees will be retired under this legislation during the period from the date of enactment to June 30, 1969. Also, there is a limitation of 400 for the next 5-year period between July 1, 1969, and June 30, 1974.

It should also be emphasized, Mr. President, that the rules and regulations of the Director for establishing and maintaining this system will become effective only after approval by the chairmen and ranking minority members of the House and Senate Committees on Armed Services.

#### PRECEDENTS

The precedents for this type of legislation may be found in the provisions now applicable to certain personnel of the Federal Bureau of Investigation and other Federal investigative and criminal detection activities, and the separate statute now applicable to Foreign Service officers. The premise underlying this bill, as well as the foregoing provisions, is a need for encouraging, and in some cases directing retirement at ages earlier than those contemplated by the normal civil service employee.

#### HIGHLIGHTS

Mr. President, before discussing the details of this legislation I would like to make two observations. First, even though this is a lengthy bill, many of the provisions are similar to those contained in the civil service retirement bill. A repetition of language is necessary since the covered employees will be retiring under the separate legal system established by this bill. Second, the version now before the Senate is considerably more restrictive than the form in which the bill passed the House. For the most part, the House version was similar to the Foreign Service Retirement Act whose provisions are more liberal than the civil service system. The committee was of the opinion, however, that this special retirement problem of the CIA could be adequately met with a system more similar to the civil service system than the House version proposes. The committee amendments for the most part are changes which conform the bill to the various provisions now contained in the Civil Service Retirement Act.

My discussion will outline the manner in which the bill departs from the existing civil service system for the special CIA employees who would be covered.

#### RETIREMENT FUND

Mr. President, the bill would create a retirement fund to be maintained by the Director. The employees would contribute 6½ percent of their basic salary. In addition, the Director would make estimates for annual appropriations for the fund. The past contributions of employees would be transferred in this fund. It is also expected that past contributions by the Government would also be transferred. Finally, in order to insure a sound retirement system, the bill requires

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an actuarial evaluation of the fund at intervals of not more than 5 years.

## PARTICIPANTS

Under the criteria already discussed, the Director would designate the persons known as participants who would be under the special system. Each participant's record would be reviewed at least every 5 years in order to determine if they should remain under this system. The bill does contain a provision inserted in the House providing that after 15 years of service, if the Director adjudges a person to be qualified for coverage under this system, he may elect to remain under this retirement program and not be subject to further review by the Director for retirement coverage purposes.

Mr. President, we now come to the question of just what does this bill provide for the people who are designated as participants.

First, the bill provides for an increase in what is now known as the retirement multiplier. It provides that those under this system will have their retired pay computed on the basis of 2 percent of their average salary of the highest 5 consecutive years. This average would then be multiplied by the number of creditable years of service, not to exceed 35, with the result that the maximum amount of retired pay would be 70 percent of the highest 5-year average.

As we know, under the normal civil service formula the first 5-year period is computed on the basis of 1½ percent of the highest salary for 5 consecutive years, the next 5 years 1¾ percent, with the remaining service over 10 years at 2 percent. The bill would therefore extend to these employees the 2-percent formula for the first 10 years as compared to the lesser civil service percentages for the first 10 years.

## RETIREMENT WITHOUT PENALTY

Mr. President, under the normal civil service, all retirements below age 60 incur a penalty; that is, a reduction in retired pay, even if one is otherwise eligible for retirement. The penalty is 1 percent in retired pay for each year under age 60 to age 55 and 2 percent in retired pay for each year below age 55. As an example, at age 50 the retired pay would be reduced by 15 percent.

Mr. President, the bill does not provide for any penalty in retired pay, and if the person is otherwise eligible he will be permitted to retire under the normal 2-percent formula.

## VOLUNTARY RETIREMENT AT AGE 50

The bill would permit participants beginning at age 50, upon application, with the consent of the Director, to retire voluntarily. If they have completed a total of 20 years of service, including at least 10 years with the CIA and a minimum of at least 5 years of qualifying service. It is expected that normally all of the creditable service would be in the nature of qualifying service. In certain cases, however, participants may have completed prior military service or service in some other Government agency. With respect to service within the CIA, except for periods of rotation, most of the service would be of a qualifying nature; that is, duties involved in the con-

duct and support of intelligence activities abroad.

As an example, Mr. President, if a man was 55 years of age and had completed 25 years of service, he could voluntarily retire with 50 percent of his highest 5-year average. If he were under the civil service system he could voluntarily retire at age 55 only if he had completed 30 years of service and even here at a 5-percent reduction in retired pay. As we all know, under the civil service system retirement below age 55 is permitted only if the separation is involuntary.

## MANDATORY RETIREMENT AT AGE 60 AND ABOVE

The bill provides that the Director in his discretion may mandatorily retire participants who are at least 60 years of age and have completed the same service required for voluntary retirement. His retired pay would be based on the 2-percent formula.

## MANDATORY RETIREMENT WITH AT LEAST 25 YEARS OF SERVICE

The bill further provides that the Director may involuntarily retire participants who have completed a total of 25 years of service without regard to age, provided the person has completed at least 10 years of service with the Agency, of which at least 5 years are qualifying. There is a similar 25-year involuntary provision under civil service, with the distinction, of course, that such retirements would incur a penalty.

## MANDATORY RETIREMENT BASED ON AGE

The bill provides that participants in the grade of GS-18 or above will be mandatorily retired upon reaching 65. Those below GS-18 would be mandatorily retired at age 60. The Director could in all cases extend the participation service for a period not to exceed 5 years. This provision is of somewhat limited significance since there is no statutory tenure for CIA employees. The Director can terminate the employment at any time.

## DISABILITY SYSTEM

The bill contains provisions for a disability system comparable to that for civil service employees with the exception that the disability retirement pay would be based on the 2-percent formula.

## OTHER FEATURES

Mr. President, the bill contains a number of other provisions, most of which are similar to those contained in the Civil Service Retirement Act. These relate, among other matters, to the question of deferred annuities, payments for widows and children, cost-of-living increases, and provisions relating to the administration of the retirement system and fund. All of these matters are set forth in detail in the committee report and I shall not attempt to discuss them as a part of my statement.

## COST

Mr. President, with respect to the cost of this special system, it is anticipated that over the next 4½ years, through June 30, 1969, the total expenditures from the retirement fund would be approximately \$4 million. On an annual basis this would average about \$900,000 a year.

I should also like to emphasize that in terms of additional cost, that is, the cost

of retiring persons under this bill, as compared to the cost if they would be retired under the civil service provisions, there will be expended an estimated \$600,000 over the next 4½-year period, or about \$132,000 on an annual basis. This \$600,000 figure is, of course, included within the total expenditure of \$4 million.

## SUMMARY

Mr. President, it is my personal view that as a matter of general policy the Congress should not enact legislation which encourages the early retirement of our Government employees. Too often it appears that retirement becomes an end in itself, with the result that people are often retired at a time when they could continue to render valuable service. The committee felt, however, that because of the special circumstances involved, this bill is justified in order to meet the special problems and conditions of service with which a segment of the CIA employees are confronted.

I regret that the security implications of this general subject do not permit a more extensive discussion of some of the fact situations. I am sure that all Members of the Senate, however, appreciate the general sensitivity surrounding any discussion of this general subject.

I might observe that one particular part of the bill relating to the security aspects is the provision requiring that the rules and regulations for implementing the act be approved by the chairmen and ranking minority members of the House and Senate Committees on Armed Services. It is planned that the criteria for qualifying under this retirement program will be somewhat detailed and strict. The security implications do not permit disclosure of this aspect of the program. This provision, however, insures that the appropriate committee representatives will be fully aware of the operation of this program.

I urge the Senate to adopt this legislation as amended by the Committee on Armed Services.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 8427) was read the third time and passed.

Mr. SALTONSTALL. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. STENNIS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

# OUTLAWING OF CERTAIN PRACTICES IN CONNECTION WITH PLACING OF MINOR CHILDREN FOR PERMANENT FREE CARE OR FOR ADOPTION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1532, S. 1541.

~~CONFIDENTIAL~~

21 November 1966

**A REVIEW AND RECOMMENDATION  
PERTAINING TO POST-RETIREMENT  
EMPLOYMENT PROSPECTS FOR THE  
CLANDESTINE SERVICES CAREERIST**

1. This paper is addressed to the question of early retirement under the CIA Retirement System and the problem of participants finding second-career employment between the ages of 50 and 62.

2. The Clandestine Services will provide the largest group of participating annuitants and the prospects of their finding satisfying employment will be the poorest of any single group in the Agency. Several factors contribute to this situation, as I see it, and, therefore, call for special consideration by management.

3. For the most part, CS retirees are hoping to make connections in the business world, a highly competitive domain and one in which they have had no recent experience in terms of what Business is seeking. Let me illustrate the import of this conjecture, for I share none of the optimism which would suggest that our Retiree Placement Service should be able to sell the D careerist in what is essentially a buyer's market.

4. I would feel far more hopeful if more D careerists were committed to leaving the Agency at age 50. Moreover, if the formula could be reduced to 45 - 20 - 10 - 5, I would feel safe in guaranteeing an annual exodus of parade proportions. What I am saying, therefore, is that the longer a man waits to change careers the less attractive he becomes to any prospective new employer; and most of our early retirement eligibles are waiting all too long.

5. On the whole, the D careerist can be thought of indeed as the type of individual the business world would be interested in; intelligent, personable, perceptive, flexible, extrovert, and, call it, sensibly aggressive. These are assets which register high on the scale of manpower marketability in the business world, but not when they are wrapped in 58-year old hides.

6. Business and Industry are looking for specific characteristics and talents, and in younger bodies than we are now peddling. They look primarily at what a man has been doing in specific business fields during the past ten years. By the competitive standards of meaningful business

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experience, certain of our candidates in the 55- to 62-year old age brackets would have difficulty qualifying for part-time work as a shopping center Santa Claus.

7. Of the 250,000 American executives who have entered the job market this year, 90 per cent were actively and favorably employed. Their motivation for making a move is traceable to:

- a. Opportunity to broaden experience and responsibility;
- b. Market and other changes within their company;
- c. Mergers; and,
- d. Personal factors involving their families.

8. The annual compensation for this group has ranged from \$12,000 to \$150,000. The average was \$24,400; the median \$22,000. Of these U. S. executives, 39 per cent have had recent experience at the general management level, with the title of Chairman, President, Executive Vice President, Managing Director, or Division manager. Some 43 per cent, including some of the foregoing, are qualified sales and marketing managers. Others were manufacturing executives, finance, engineering or research and development, and personnel executives. The business fields break down to some 38 industry and product categories--consumer packaged goods, industrial processed goods, industrial fabricated goods, electronics, etc. Hardly the province of the D careerist who has spent his last ten years thinking hard about political and espionage details. At best, our D men might land somewhere down the scale of salesmen going out for Merck, Monsanto, or Singer Sewing Machine. Such concerns also employ foreign nationals, obviously, in sales capacities, backstopped by an American business manager. True, there could be some "protocol" assignments where our overseas-seasoned linguists could fit in as special assistants or contact specialists, but industry has not been looking to us to supply managers.

9. What this could suggest is that our careerists are competing for a median salary of \$22,000, but against men who have successfully demonstrated on-the-job capabilities that would command this compensation. The median would suggest, by and large, where the jobs are. You could say that our retirees would settle for the \$12,000 jobs; but,

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for their \$12,000 slots, Business is seeking the young, lightly experienced MBA in Marketing with a \$50,000 future. At the \$15,000 level, it should come as no startling news that Business wants the same overseas animal we want; putting it in Business's own words: a vigorous, aggressive, take-charge, young generalist who can go abroad and make the sales machinery hum. Why wouldn't Business be bidding furiously for the Business-motivated MBA with, say, 5-10 years of progressively broadening and responsible experience?

10. I emphasize overseas and abroad advisedly, because our D careerists seem to insist upon a connection with an American business firm with international outlets. I think they do so wisely, albeit nostalgically. If they have any competitive edge, it is that gained by having lived in overseas environments and feeling completely comfortable in the process. "Business" per se in its purely domestic context offers an unexciting prospect to most D men. Further, the competition is much stiffer when it comes to finding extremely able younger men who are perfectly happy to raise their families in the U. S. A.

11. If the job is not overseas, the great majority of our retirees want it to be in Washington, which happens to be an over-saturated market for the retiree at large, thus further narrowing the over-all job chances of our retirees.

12. What strikes me as naivete is the notion we can call upon our senior officials to place any number of D careerists simply by telephoning a friendly corporation president and putting in a good word for one of our aging assets. Presidents of corporations push these offerings down to their vice presidents in charge of being nice to the President's friends who have 59-year old hot shots for sale. For one thing, the corporate pension plan structure won't accommodate the older man, even in the case of Federal retirees who are quite willing to forego participation in the company's pension plan. Industry hears this proposition daily. Many pension systems are all-inclusive, all the employees or none, and if the new employee is too old to partake of, say, a minimum 10-year portion of the pension pie, he is too old to hire, period. You couldn't break through these barriers with a Supreme Court decision. It just happens to be one of the bureaucratic features of Business--and a pretty good device for turning aside aging applicants.

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13. This is not true of all companies, and some of our candidates will be hired, but on merit, which suggests that more of them should be testing the posture of their marketability in the open market now instead of sitting back and waiting on RPS to find them a new home. Many D careerists have told us they would leave anytime they can get an outside job; but they are doing little or nothing by way of looking on their own. I am convinced that the majority of our D retirees who do find new employment are going to be those who paved the way for themselves by making meaningful connections in the course of their Agency careers. Cover security is really neither here nor there when it comes down to opportunities for cultivating American business contacts abroad.

14. The more it is realized how difficulty it is to come by post-retirement employment, the more the Clandestine Services should concentrate, selectively, on putting careerists under commercial cover early in their forties, preferably durable and continuing cover that conceivably could leave the retiree in a bona fide commercial payroll position once he has elected to leave the Agency's employ.

15. This Agency can put to rest any notion that RPS can score wholesale gains in marketing aging retirees in commercial circles. Such placements amount to technical breakthroughs. And, by the same token, the Agency cannot change the facts of life by simply establishing its own outside "corporation" to pave the way for these same retirees--as has been recommended. No Agency proprietary is going to change the manpower placement market or the make-up of the individual concerned. There are many so-called executive search outlets that will take on the task at no or little cost to the marketable candidate, as I shall point out. But the individual must compete on his own, by the timely surfacing of his resume in appropriate business circles--which will be the main thrust of the recommendation I mean to make.

16. What we have said thus far is that D careerists have to be thought of as being disadvantaged due to age, inexperience, and corporate pension plan barriers when it comes to competing for second-career opportunities in the business world; that they become immobilized as they reach retirement age by refusing to leave Washington unless it means an overseas assignment; that neither RPS techniques, senior officials on friendly terms with corporation presidents, nor an Agency placement proprietary can change the complexion of the Business manpower market when it has established a high

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preference for either younger men or men who are experienced business executives; that D careerists in the eligible zone give lip service to retiring early, but that what they mean is as soon as an attractive offer--which they are doing nothing on their own to generate--falls into their lap (there are, however, younger D careerists, not yet 50, making serious noises about leaving when they reach this age); that the successful job seekers are going to be those who have made good business connections in the course of their Agency careers, and, therefore, the Clandestine Services could consider providing more commercial cover connections for D careerists in their early forties.

17. This leaves us far short of any positive problem-solving approach, so, for what it is worth, I would make the following observations and concomitant recommendations. The first would be that the Clandestine Services send RPS more candidates for counseling far earlier in the game. Except for a mere handful of D careerists who have been tapped on the shoulders and told to see RPS in the past twenty months, the D careerists who do consult with RPS are doing so clandestinely, guardedly, and half-heartedly. There is much to suggest that 1968 is the real target retirement date for many because it will mean a more respectable high-five salary factor in the calculation of their annuity. The majority leaving before 1968, therefore, will be those who are being forced out at mandatory retirement ages, and, it follows, extremely unfavorable external placement ages.

18. For the D careerists who have not established productive employment leads on their own initiative and who lack the experience Business is buying, I think it narrows down largely to any overseas sales openings that may become available.

19. In my opinion, the best device for determining one's chances for new employment in this area is the Sales Executive Club of New York City.

20. If the D retiree fashions himself as having the attributes of an international, or domestic, salesman, he can file a resume with the Sales Executive Club at no charge. This is a clearing house to which many companies pay an annual fee for access to all resumes on file. Our man who says he would leave anytime he can make a connection within the next two years should put his resume up for grabs now, for free. The man who is not yet eligible for retirement, for whatever reason, age, years of service, qualifying service, should not file until 60 to 90 days before he is

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eligible. When corporations are out to hire, they mean now, not two years from now. If the man wants his son or daughter to finish high school in June before he thinks of making a move, he should put his resume on the roster next April, not before.

21. With the Sales Executive Club of New York open to us, at no expense whatever, except our cutting and clearing a resume, I would recommend in addition the services offered by Executive Register, Inc. ER is none other than William F. Breitmayer, whom many of us remember as the former Chief, Hungarian Desk (FI). Bill has made it big in the executive placement field. He started with Booz, Allen, and Hamilton after leaving the Agency, where he served ten years. He broke away from Booz, Allen, and Hamilton and started the Executive Register and William F. Breitmayer and Co., Managing Consultants (meaning recruiting for client companies). The brochures at Tabs A and B describe the modus operandi of the Executive Register, from the Employer's position, (Tab A), and that of the job seeker, (Tab B). The Executive Register operates nation-wide and world-wide on a very simple principle. The job seeker--if ER considers him marketable at all--pays a \$75 six-month listing fee, \$10 for any succeeding six-month listing of his resume. Breitmayer keeps about 13,000 resumes moving at any given time. Any company with a job opening can list the opening with ER at no cost. Breitmayer makes his real money from the 5 per cent fee paid him by the employing company for each placement, 5 per cent of the man's gross income for the first year on the job. What brings the job opening and the job seeker together is a computerized records center operated by ER at New Canaan, Connecticut. The job seeker is furnished all job listings for which the computer considers him qualified. The company is nameless. So is the job seeker, whose resume is not sent to the company until he decides to throw his hat in the ring. Breitmayer recommends brief resumes, no pictures, no covering letters (busy employing executives can't be pouring through a lot of gush), and, preferably, no restrictions on location. The latter proposition would jar some of our folks, but they don't have to take the job once an interview reveals where the job would be taking them. No directed assignments. Breitmayer's theory is let the job seeker weigh all the facts (\$\$\$). Some salary and bonus arrangements have been known to make Watervleit look almost as attractive as Washington, D. C.

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22. I strongly favor the Executive Register approach, in addition to that of the Sales Executive Club of New York, because Breitmayer knows our product, the calibre of our D careerists, and could give their resumes an extra push, whereas they would be just worn out spies to some other organization in the burgeoning executive placement field. I would add one other dimension, namely, also floating certain resumes with other management consultant concerns, depending on the strong domestic relocation preferences of candidates who may be willing to leave Washington. There are three or four good firms in Washington which operate on a minimal cost, to the job seeker, basis. And, they would take resumes for Washington-only placement. Breitmayer warns against spreading out resumes all over the management consulting world, however, for the reason that it gives an aura of desperation to the job seeker whose name keeps coming at a prospective employer from too many angles. Personally, I think Executive Register could cover the whole waterfront, including any Washington openings. Many management consulting firms throughout the country subscribe to the ER service. The whole executive placement market scene resembles a spider web.

23. If we mean to be demonstrably helpful to our retirees, you could study whether RPS could be granted confidential funds from which it would pay the \$75 Executive Register fee. Payment of any fee should be handled by RPS rather than the Directorates themselves because of the evidence that prospective retirees will talk out their retirement with us long before they will go anywhere near their own career service base. To date there has been much talk and little action on the part of the would-be second careerists. I believe we can stimulate many more eligibles to see RPS and put their credentials on the line with the Executive Sales Club of New York and the Executive Register once the word spreads that they can do so anonymously, as I have outlined. If the Agency chooses, it can provide additional incentive by authorizing RPS to pay the nominal ER fee of \$75. But, in no case should RPS or the Executive Register be expected to work wonders for aging retirees who are up against very stiff odds at best.

24. RPS can and should continue to comb the local Washington manpower-placement market until it bleeds, but where do we go from there? Washington is an over-saturated market. Still, a high percentage of our retirees would rather starve to death than leave Washington--until, that is, they find themselves starving. If they then are offered \$17,500 on top of their annuity in, say, Duluth, they just

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may see relocation in a different light. The bidding cannot begin, however, until a resume is floated outside the Agency.

25. For the prospective retiree who makes no suitable connection with Business, assuming this is his first choice, he should then consider our findings which suggest that the only field that is wide open to our retirees, at almost any age, is Education, provided the individual has a graduate degree and is willing to relocate if necessary. The other fields which offer reasonably good opportunities for the technically qualified retiree are Industrial Security, Finance, Real Estate, and Library Science. The older scientist, engineer, and technological specialist is not as marketable as you might think. Beyond these borders, the picture gets pretty bleak, and it is beyond these borders, and into Business, that most D careerists prefer to project themselves in terms of furbishing their future. We need to do a bit of fact-facing, therefore, as it embraces the personnel concerned.

26. This analysis therefore recommends that in the out-placement of Clandestine Services and certain other retirees we use the commercial resources described as being available at little or no cost to the Agency--networks which provide a considerably wider scope of second-career possibilities than we could ever hope to duplicate in-house, if indeed we should be trying to.

27. Again, RPS cannot be counted on or expected to find second careers for all aging aspirants. Any placement at these age levels is almost an accident of the system. Still, it is the psychological mind-set of many about to be retired employees that RPS was established for the purpose of insuring them a new livelihood, preferably in Washington or at the overseas base of their choice. I think we would be far wiser to force them to the conclusion that if they can't help themselves find a new career with a minimum of Agency assistance, they are going to have to scale down their standard of living to the size of their annuity. The size of some annuities might force a few careerists to think seriously of selling their secrets to the enemy. What the younger CIA Retirement System participant (age 45 - 48) should be encouraged to do instead is consult with RPS well in advance of a retirement target date, if any, so that he will have a better feel for what he could be doing in the meantime either to cushion the shock or retread himself for a different field of employment.

J - DDN, GLENDA

(S) Rex E. Greaves

J - C&amp;ED, M&amp;A, J&amp;P, B

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Drafted by:

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Recruitment and Placement

Attachments

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